

# @lliance

VOL 18 NUMBER 4 DECEMBER 2013

For philanthropy and social investment worldwide



## **FOCUS ON . . .**

### **Next gen donors: what will they do differently?**

**Guest editor: Jason Franklin**

**Includes:**

Interviews with next gen donors Jessan Hutchison-Quillian, Elianna Sabbag Moquette and Alex Buffett Rozek

#### **PLUS**

**Social enterprise in China**

**Why funding research is not enough**

[www.alliancemagazine.org](http://www.alliancemagazine.org)



expand your boundaries.

explore innovative solutions.

**YOU'RE HERE TO** make a difference.

gain new skills and perspective.

If you're a leader for a nonprofit or non-governmental organization who wants to gain the skills necessary to create greater impact and drive results to achieve your institutional mission, Executive Education at Harvard Kennedy School can transform your capabilities in just a few extraordinary days.

Here, you and your peers from around the world are immersed in a collaborative, inspiring environment led by our renowned faculty and leading practitioners. Online Executive Education programs are also offered to reach leaders around the world who, due to cost and distance, are not able to come to our campus.

To see our full program offerings or to apply, please visit [exed.hks.harvard.edu/ee/npngo](http://exed.hks.harvard.edu/ee/npngo)



**HARVARD Kennedy School**  
*Executive Education*

**YOU'RE HERE TO MAKE A DIFFERENCE.™**

## UPCOMING PROGRAMS

*Leadership, Organizing, and Action:  
Leading Change (Online)*  
February 10 – May 16, 2014

*Mobilizing Your Nonprofit Board  
(Online)*  
March 3 – May 2, 2014

*Strategic Management for Leaders  
of Non-Governmental Organizations  
(Istanbul, Turkey)*  
May 11 – 16, 2014

# Contents

**Cover photo**  
What will the future bring? So much depends on the rising cohort of major donors, now in their twenties and thirties, and what they do with the trillions in wealth predicted to transfer to their hands in the next half century. Photo by Daniel Hoherd



Guest editor  
Jason Franklin

## Focus on . . . Next gen donors: what will they do differently?

**25 Global 'next gen' trends** Jason Franklin offers some observations on what he thinks may constitute defining differences between 'next gen' donors and their older counterparts

**29 What do the next generation of major donors want?** Amy Clarke, Ben Eyre, Sharna Goldseker and Michael Moody examine findings from two recent reports that focus on new donors, with comments from next gen donors Felipe Custer and Ayşecan Özyeğin Oktay

## Working with young donors

**43 Brazil: Seeking social impact through their businesses** Elaine Smith

**44 Egypt: Helping to regain the Egypt they dream of** Marwa El-Daly

**45 South Africa: Out with the old, in with the new** Amanda Bloch

**46 India: Talking about their philanthropy** Neeta Saraogi

**47 USA: Going all out for social change** Jessie Spector

**48 Europe: What's next for next gens?** Lea Buck

**49 A new approach to funding youth climate action** Global Greengrants Fund's Next Generation Climate Board gives young people the chance to make decisions on how to fund climate change work, say Peter Kostishack and Winnie Asiti



P34



**34 Interview** Jessan Hutchison-Quillian, still in his twenties, talks about why he gives away almost half of his salary and how he is encouraging his Google colleagues to follow suit



**37 Interview** Elianna Sabbag Moquette on how supporting social businesses and encouraging impact investing can pressure larger businesses to integrate social principles into the way they operate



**40 Interview** Alex Buffett Rozek and Ellie Mudge on the huge potential of the Learning by Giving Foundation, which began life as part of Doris Buffett's Sunshine Lady Foundation, to encourage others to explore and experience philanthropy



P49



**51 Will next gens become impact investors?** Julia Balandina-Jaquier sees a growing interest in impact investing among young wealth holders

**53 How to learn to give? A global question with local answers** Michael Alberg-Seberich and Gabriele Störmann look at philanthropy education schemes around the world, both in schools and outside them, to get children and young people involved in giving

**Letters**

**4** Responses to our September special feature on philanthropy and power from Michele Fugiel Gartner, Andrew Barnett, Pier Mario Vello and Richard Ross; Larry McGill responds to Christopher Worman; and Jenny Hodgson reflects on community foundations as international grantmakers

**Global updates**

**8 Women’s rights funding: watering the leaves, starving the roots** Growing interest in gender issues has yet to translate into increased funding, writes Angelika Arutyunova

- 9** Stories from around the world, including:
  - ▶ TPI issues a wake-up call to philanthropy advisers
  - ▶ New report on social investment by UK foundations
  - ▶ Coutts’ *Million Dollar Donors Report* goes international
  - ▶ CAF Future World Giving report aims to build public trust in giving
  - ▶ Give More, Give Better stories project seeks to boost giving in Brazil
  - ▶ New international initiative to counter threats to civil society
  - ▶ Putting formerly state-owned assets to charitable use
  - ▶ What’s new at . . . EFC, ASF, GIFE, NEF, Foundation Center, Indian Philanthropy Forum, COF, WINGS and CIVICUS

**Opinion**

**19 Why funding research is not enough** If we want to see a wider use of evidence in public policy, we must ask policymakers what they want to find out and help them apply the research results, say Annie Duflo and Caroline Fiennes



**Articles**

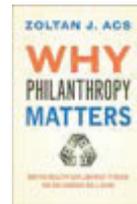
**21 Social enterprise in China – the true legacy of Guo Mei Mei?** A scandal at a national charity may be the catalyst for the Chinese to explore and accept a new model of giving, says David Evans

**23 From grassroots to webroots: reshaping civil society?** Christopher Worman on how social media is changing the way civil society forms and evolves in much of the world

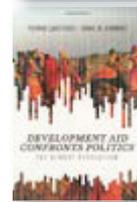
**Conference reports**

**59** Highlights from SOCAP 2013, COF’s Fall Conference for Community Foundations, ACF’s annual conference and the GIIN Forum

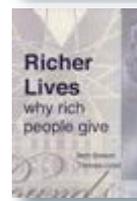
**Book reviews**



**61** Zoltan Acs’ *Why Philanthropy Matters* reviewed by Timothy Ogden



**62** Thomas Carothers and Diane de Gramont’s *Development Aid Confronts Politics* reviewed by Sue Unsworth



**63** Beth Breeze and Theresa Lloyd’s *Richer Lives* reviewed by Plum Lomax



**64** David Hammack and Helmut Anheier’s *A Versatile American Institution* reviewed by Diana Leat



**Alliance Editorial Board**

Akwasi Aidoo <i>TrustAfrica, Senegal</i>	Halima Mahomed <i>TrustAfrica</i>
Lucy Bernholz <i>Stanford University Center on Philanthropy and Civil Society, USA</i>	Timothy Ogden <i>Philanthropy Action, USA</i>
David Bonbright <i>Keystone, UK</i>	Sheela Patel <i>Society for the Promotion of Area Resource Centres, India</i>
Maria Chertok <i>CAF Russia</i>	Felicitas von Peter and Michael Alberg-Seberich <i>Active Philanthropy, Germany</i>
Andre Degenszajn <i>GIFE, Brazil</i>	Sevdalina Rukanova <i>European Foundation Centre</i>
Alan Fowler <i>International Institute of Social Studies of Erasmus University; resident in South Africa</i>	Jesse Salazar <i>Council on Foundations, USA</i>
Luis Gallo <i>Banco de Inversion Social, Colombia</i>	Karla Simon <i>International Center for Civil Society Law, USA</i>
Christopher Harris <i>USA</i>	Ingrid Srinath <i>India</i>
John Harvey <i>USA</i>	Boris Strečanský <i>Centre for Philanthropy, Slovakia</i>
Andrew Kingman <i>Micaia, Mozambique</i>	Chet Tchozewski <i>Global Greengrants Fund, USA</i>
Marcos Kisil <i>Institute for Development and Social Investment, Brazil</i>	Volker Then <i>Centre for Social Investment, Heidelberg University, Germany</i>
Barry Knight <i>CENTRIS, UK</i>	Jorge Villalobos <i>Mexican Center for Philanthropy</i>
Atallah Kuttub <i>SAANED for Philanthropy Advisory Services – Arab Region</i>	Wang Zhenyao <i>Beijing Normal University China Foundation Philanthropy Research Institute</i>
Massimo Lanza <i>Fondazione di Venezia, Italy</i>	
Peter Laugharn <i>Firelight Foundation, USA</i>	
Penelope Lewis <i>World Bank</i>	
Janet Mawiyoo <i>Kenya Community Development Foundation, Kenya</i>	

**Editor**

Caroline Hartnell

**Assistant editor**

Alex Davidson

**Associate editor**

Andrew Milner

**Contributing editor**

Timothy Ogden

**Founding editor**

Carole Shelbourn

George

**General manager**

David Drewery

**Communication & circulation officer**

Holly Steell

**Marketing officer**

Tom Rennell

**Alliance Publishing Trust Board of Directors**

David Carrington <i>(Chair) Independent consultant, UK</i>	Leticia Ruiz-Capillas <i>European Foundation Centre</i>
Karin Jestin <i>Fondation Lombard Odier, Switzerland</i>	Pieter Stemmerding <i>Adessium Foundation, Netherlands</i>
Darin McKeever <i>Bill &amp; Melinda Gates Foundation, USA</i>	Luc Tayart de Borms <i>King Baudouin Foundation, Belgium</i>
Daniel Phelan <i>Civil Society Media Ltd, UK</i>	Katherine Watson <i>European Cultural Foundation, Netherlands</i>



# A new vision for how the world works?

Is it possible that the next generation of donors are coming up with a new and better vision for how the world works? Take Jessan Hutchison-Quillian, the 25-year-old American Google engineer who gives away around 40 per cent of his salary because he doesn't see why he needs more to live on than most of his friends. He imagines a world in which everyone gives away at least 10 per cent of their income – 'that's similar to taxes,' as he points out.

Or Elianna Sabbag Moquette from Switzerland. 'The more we support socially minded businesses,' she says, 'the more the demands placed on larger businesses to integrate social principles into the way that they operate will grow. This is our vision.'

Young Egyptians similarly favour support for social enterprises, according to Marwa El-Daly, while young Brazilians see their own businesses as the vehicle for change. 'One clear trend is a preference on the part of the younger generation of donors to want to do things in a more integrated way,' reports Elaine Smith, 'achieving social impact through their businesses rather than through philanthropy.'

It is this integrated approach that is central here, as guest editor Jason Franklin points out. 'As young donors are getting involved in philanthropy earlier in their lives than their parents and grandparents,' he writes, 'there seems to be a global tendency to integrate philanthropy more directly into their lives and to see it as one more expression of their passions rather than an activity done on the side.' The vision seems to be transformation, not tinkering around the edges.

For previous generations, says Franklin, 'the tradition was for serious philanthropic activity to begin after careers were established or even as people entered retirement'. Philanthropy has been seen almost as a second career, often a more enjoyable one.

There are huge contradictions built into this model of philanthropy.

A society where accumulation of wealth is relatively easy, as is the case in much of the world today, produces both great inequality and, hopefully, more philanthropy. A key role of philanthropy is then to mitigate some of the harmful effects of growing inequality – as opposed to groups like Resource Generation that want to work out how to curb wealth inequality.

Characteristic of many philanthropists has been the feeling that 'donors know best'. Having created or run successful businesses, they are ready to turn their hand to philanthropy. Many have a low opinion of NGOs, seeing them as well-meaning but inefficient. This sort of feeling is refreshingly absent among the young donors whose voices we hear in this *Alliance* special feature. 'If someone is passionate about "xyz" cause,' says Alex Buffett Rozek, who could be speaking for many here, 'and wants to start a non-profit to help it, it makes sense for them to see if there are existing groups working in the same area, towards a common goal.'

All correspondence should be addressed to [caroline@alliance-magazine.org](mailto:caroline@alliance-magazine.org)

**CAROLINE HARTNELL** Editor, *Alliance*

# Responses to the September special feature on ‘Philanthropy and power’

In our narrative on philanthropy, we speak about power in the way we’ve created it. We have professionalized ourselves, and in doing so we have cemented how we see the world.



Alliance welcomes letters in order to facilitate debate. Please address them to the editor at caroline@alliancemagazine.org. We reserve the right to edit letters and may refuse to publish them on the grounds of their offensive, injurious or defamatory tone or content.

## Delving deeper into power

My kudos to *Alliance* for taking on the topic of power and philanthropy. It’s not a topic that we often wade into very deeply, and, as Peter Buffett’s op-ed in the *New York Times* showed, once the surface is scratched a multitude of perspectives and opinions emerge. Power in philanthropy seems like that irksome little dust bunny that we’d rather sweep under the rug.

What I found fascinating about the *Alliance* articles was how quickly we default to a conversation about power dynamics that reflects, rather than refines, the structures we have built in ‘western’ philanthropy. We talk about the chasm between two sides: funders and grantees, private foundations and community, philanthropists and beneficiaries. This conversation gives us an opportunity to identify our role within existing power structures. It doesn’t ask us to understand that role. It lets us off the hook from really acknowledging and understanding our privilege, allowing us to simply hide out in the prescribed roles of hero or victim.

It was only the article by Mahomed and Moyo that brought forth the critical perspective that I believe we need to take when examining power and philanthropy: ‘... many philanthropic institutions have emerged from segments of society

*that are elite and urban or from the private sector; or have been created by international actors with a particular approach. Together these have developed a narrative of philanthropy – from rich to poor, through formal institutions, based on money and individual giving at scale. This is far from what philanthropy in Africa is actually like...’*

In our narrative on philanthropy, we speak about power in the way we’ve created it. We try to change the structures within our system, rather than reflecting on whether it is the system itself that needs changing. We have professionalized ourselves, and in doing so we have cemented how we see the world. We wave away more traditional notions of giving: reciprocity, transactional relationships, embodiment of spirit, the notion of reflexivity – that by giving to you, I reflect what I see, but your participation in the gift equally reflects your view and from that, I change. There are thousands of cultures and ways of giving that ‘western’ philanthropy could learn from, that could improve us.

As an industry, we have much more to learn from others than from ourselves. Exporting philanthropy as we’ve designed it and then bemoaning another culture’s ‘lack of philanthropy’ because we don’t understand it smells too much like the colonial past that we purport to have moved beyond. I highly applaud *Alliance* and the authors who have taken on this topic and look forward to the rest of us rising to the occasion.

**Michele Fugiel Gartner**  
Director, Strategic Investments and Operations, Trico Charitable Foundation

## Plurality, purpose and partnership

The September special feature focusing on power was a pertinent contribution to the debate as to how we can maximize the beneficial impact of philanthropic interventions (and minimize any harm).

There will be a variety of responses to the question as to how the power held by trusts and foundations can be exercised responsibly – from organizations with differing purposes and ways of working, small and large – and that is a welcome reflection of the healthy plurality of the sector of which we are part. The funds of even the largest foundations are negligible compared with those of unelected corporates or civil servants.

From our perspective, as a small organization operating in the UK but part of one of the larger European foundations, we have attributes that enable us to help advance the particular causes that concern us at any given time and to act in a way that others have called ‘catalytic’. I have no angst about deploying these attributes – the power to influence rather than to direct or dominate – and in doing so to help bring about the beneficial changes in which we believe.

But ends and means cannot be divorced and we feel it is important to act transparently and consultatively in a way that helps build consensus about the solutions to the problems on which we work in order that others can act. We cannot work alone and do not seek to do so. Rather, we work in a spirit of partnership with the organizations we support, to which they bring a depth of expertise and we bring our breadth and ability to connect across boundaries.

My response to the issue of philanthropic power rests on three pillars: plurality, purpose and partnership – values by which I am content for our work to be judged.

**Andrew Barnett**

*Director, UK Branch, Calouste Gulbenkian Foundation*

## The real issue: foundations' lack of power

Stephen Pittam's article 'The Power of Money' (*Alliance*, 1 September) is intriguing and multifaceted. The few remarks I make here are more of a reinforcement of his arguments than an addition to them.

In my view, inequality is a much more important issue for philanthropy than levels of poverty. Today we face two crucial challenges: social inequality – within countries and between different world regions – and the lack of social/economic mobility. The combination of these two has led broad population groups to become the low-price labour tapped by the industrialized and wealthy; those who are born poor are likely to remain poor for the rest of their lives.

Philanthropy cannot change the status quo. It is certainly true that foundations, especially those with large assets, often appear arrogant and superficial when dealing with their grantees. They exercise the power of money. However, in my opinion, the real issue with foundations is not their exercise of power but rather their lack of power vis-à-vis the problems they strive to tackle. They are not powerful enough to change the social policies that have caused – and are still causing – inequality and lack of social mobility, driven

by the power of governments and markets.

Philanthropy can successfully fight inequality and the lack of social mobility only if there is a change in power relationships among those who can make change happen, ie government, markets and philanthropy. The latter can play a strategic role today by catalysing external forces and orienting their focus on social agendas where civil society is the top priority.

A letter is too short for the breadth and depth of analysis this topic deserves. I'd simply like to reiterate that the development of our democracies and of a more balanced society necessarily requires the strengthening of civil society, of which philanthropy (together with schools, universities, independent media, etc) is one voice. This is true both for western countries that are striving to defend their prosperity and for developing countries that are striving to build it.

We should understand that we may have a hundred universities, a thousand labs, countless perfect industrial works, flourishing trade, and still be barbarians. We should understand a very simple truth, that civilization is not the fruit of what we know but the fruit of the way we act. Civilization is not the result of science, techniques and mechanisms that can serve either good or evil purposes; it is the result of the sentiments that make up the fabric of a society.

Philanthropy – relative to governments or markets – is the only space where these ideas can be conceived and grow. Sure, there is still a long way to go.

**Pier Mario Vello**

*Secretary general, Cariplo Foundation*

We may have a hundred universities, a thousand labs, countless perfect industrial works, flourishing trade, and still be barbarians.

## In defence of tax relief on donations to charity

*Alliance* is a magazine about philanthropy and Richard Murphy is entitled to his opinion that 'rich people' should not receive tax relief for making charitable donations. Tax relief has led my family to give disproportionately to charity and it is an unwitting slur (hopefully) on the people who do give to mention organized crime in an article on philanthropy.

Richard Murphy doubts the value of this tax relief and questions whether rich people in the UK should 'benefit' from up to £2 billion of tax relief, given that this money is directed as the donor chooses.

What is overlooked is the fact that before £2 billion of tax relief is given, an additional £2 billion to £3 billion of donors' money has to be provided so that up to £5 billion of rich people's money goes to charitable causes.

My parents set up Rosetrees Trust in 1987 on their golden wedding anniversary to give back to society, and without tax relief the money gifted over the years would have been much less. Rosetrees funds cutting-edge medical research, and as a result of seedcorn funding in venture philanthropy style, co-donations from like-minded donors and major grants awarded, £150 million has been directed to world-class researchers. Without tax relief this would never have happened.

One of the reasons a small proportion of 'rich people' donate their time, money and expertise to a chosen philanthropic cause

Sadly the majority of well-off people present a wall of resistance when asked to make a charitable donation. Even the tax incentive will not move most of them to give meaningfully.

is because they recognize the growing gap between rich and poor and want to bridge this gap. There are many fine examples in education, social causes and developing countries of how these contributions make a considerable difference.

Sadly the majority of well-off people present a wall of resistance when asked to make a charitable donation. Even the tax incentive will not move most of them to give meaningfully. Part of the answer might be to provide an even bigger tax saving for the first donation, if it is shown to be well thought through and potentially beneficial to society.

At Rosetrees we are trying to understand why the large majority of the well-off refuse to give meaningfully. If Richard Murphy can help find the answer to this important question it will do infinitely more good than his objections to (inevitable) injustices in the current system.

Rosetrees is considering commissioning an academic psychologist specializing in philanthropy to analyse and explain why people don't give, with a view to advising how to change their attitude and encourage them to become philanthropic.

Can *Alliance* readers provide answers that would be worthy of the Nobel Prize?

**Richard Ross**

*Chairman, Rosetrees Trust*

**All of our sophisticated data visualizations and maps depend upon the collection of good, 'small' data about philanthropy in the first place.**

## Small Data: where the real action is

Big Data may be getting the lion's share of attention these days, but Christopher Worman (September issue of *Alliance*) is absolutely right that Small Data is where the real action is as far as philanthropy is concerned. As he points out, the ability to see trends and gaps that are only visible when smaller data sets are 'openly shared and seen in relation to other data sets' is one of the most exciting aspects of Small Data.

Funders have long shared information informally with each other about their grantmaking and operating programmes, often in the context of national and regional associations or affinity groups. But now we have the ability to take the sharing of this information to scale, and when combined with mapping and data visualization technologies, the possibility of truly strategic philanthropy suddenly becomes a lot more real.

In my own work, I have also used the term 'Small Data' to draw attention to the fact that all of our sophisticated data visualizations and maps depend upon the collection of good, 'small' data about philanthropy in the first place. Big Data is irrelevant as long as we are stuck in national or regional data silos that prevent us from constructing a compelling and accurate picture of the work of philanthropy around the world.

For anyone interested in leveraging Small Data to generate knowledge that can 'help us frame more factually grounded hypotheses upon which to base and communicate our programmes', as Worman so eloquently puts it, I would draw

your attention to some vitally important work being done by WINGS. Through a collaborative, participatory process involving funders and other stakeholders around the world, WINGS is leading an effort to craft a Global Philanthropy Data Charter.<sup>1</sup> The aim is to elicit a set of principles by which the global collection of data on philanthropy can proceed in a smart fashion that both preserves the uniqueness of philanthropy in its native contexts and ensures the 'sharability' of philanthropic knowledge around the world.

Now that 'Big Data' has drawn everyone's attention to the power of data, let's make sure we are building the Small Data sets that philanthropy needs in order to act strategically and maximize its impact.

<sup>1</sup> [www.wingsweb.org/?page=data\\_charter](http://www.wingsweb.org/?page=data_charter)

**Larry McGill**

*Vice president for research,  
Foundation Center*

## Why not support the world's emerging community foundations?

As the amount of international grantmaking by US community foundations increases ('Community foundations as international grantmakers?', September issue of *Alliance*), it would be interesting to know how much is being channelled to or through their global brothers and sisters around the world. My sense is that it is very little. This is a shame: who else would be in a better position to promote the potential value of community philanthropy institutions in other parts of the world than community foundations themselves?

The global field is still small and young, led by brave individuals who have opted to take the difficult route of trying to convince local people to give to and through them (rather than resort to external donors). The fact that there are well-functioning, well-trusted community foundations in parts of the world where corruption is high and public trust in institutions is still low is a real testimony to their hard work and utter commitment.

Community foundations always emphasize the value of 'donor education': it would be great to see far more of

those who are involved in international grantmaking rise to the challenge and begin to introduce donors who want to give internationally to this dynamic but under-resourced set of institutional cousins around the world.

The article emphasizes one of the distinct values of the community foundation as deriving from the fact that it is grounded in its local community. This puts it in a good position to foster and demonstrate community leadership, to engage individuals as both 'donors' and 'doers', and to build trust between and across different parts of

the community. Many of the community foundations and other community philanthropy institutions established in emerging markets and developing countries over the last 10 to 15 years have been founded around similar principles. A good number have also been established in response to the often detrimental effects of well-intentioned money from outside, which is often short-term and restrictive – and sometimes quite disempowering.

**Jenny Hodgson**

*Executive director, Global Fund for Community Foundations*

Who else would be in a better position to promote the potential value of community philanthropy institutions in other parts of the world?

## Updates from Alliance

### CONSULTING OUR READERS

*Alliance* is always trying to improve its services to its readers. It is with this aim in mind that we have been engaged in an extensive consultation exercise, funded by the Adessium Foundation. This involves a range of focus groups, surveys and one-on-one discussions with the goal of finding out more from current and potential readers about *Alliance's* strengths and weaknesses. Our thanks to all those who responded to the recent survey administered by CENTRIS and to those who have talked to us one on one.

### LATEST INTERVIEWS

Between issues of *Alliance*, we talk with leaders in the field of philanthropy, foundations and social investment, and publish the interviews on our website.

In October, **Anasuya Sengupta**, Wikimedia Foundation's senior director of grantmaking, talked about the

way grantmaking contributes to the development of Wikipedia and its sister projects.

In November we talked with **Danny Sriskandarajah**, secretary general of CIVICUS since January, about his first nine months in the job and his plans for CIVICUS.

You can find these interviews and more exclusive content on [www.alliancemagazine.org](http://www.alliancemagazine.org)

### THE MARCH 2014 ISSUE WILL HAVE A SPECIAL FEATURE ENTITLED . . .

#### Grantmaking for social change

Increasingly, grantmaking is being dismissed as a serious strategy for achieving social change, with the real business being done by venture philanthropy, strategic philanthropy and most recently 'catalytic' philanthropy – a trend with potentially harmful effects in countries where philanthropy and

grantmaking are not well established. This special feature aims to reinstate grantmaking as a strategy for achieving social change – not as *the* strategy, *the* truth, but as one of a number of approaches that funders can use.

Guest editors are Jenny Hodgson of Global Fund for Community Foundations and Barry Knight of CENTRIS.

### COMING UP IN JUNE 2014 . . .

**Social investment** What are the limits of market-based solutions? What role for foundations?

Guest editors Audrey Selian and Luis Gallo

### FOLLOW ALLIANCE ACROSS THE WEB

 [alliancemagazine](https://www.facebook.com/alliancemagazine)

 [@alliancemag](https://twitter.com/alliancemag)

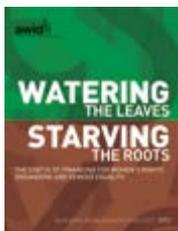
[www.alliancemagazine.org](http://www.alliancemagazine.org)

# Women’s rights funding: watering the leaves, starving the roots

Angelika Arutyunova

**So where is the money for women’s rights? In its latest report, *Watering the Leaves, Starving the Roots: The status of financing for women’s rights organizing and gender equality*, AWID presents research findings gathered over the last two years to help women’s rights organizations and their funder allies make sense of, and adapt to, the rapidly changing funding landscape. As yet, it seems a growing interest in women and girls is not resulting in more money.**

Angelika Arutyunova is programme manager, Association for Women’s Rights in Development. Email [aarutyunova@awid.org](mailto:aarutyunova@awid.org)



**A**s the sources of development financing and philanthropy have become increasingly diversified, and women and girls are increasingly recognized as key agents in development, the central question, in most international policy or funding spaces, is no longer ‘what about women?’ but ‘how can women and girls best be supported?’ So far, this question has not been answered in any material way: while the ‘leaves’, the individual women and girls, are receiving growing attention, ‘the roots’ – sustained, collective action by feminists and women’s rights activists and organizations – continue to be neglected.

Data from the 2011 global survey of over 1,000 women’s organizations indicates moderate growth: median annual income doubled between 2005 and 2010, reaching US\$20,000; 7 per cent (up from 4 per cent in 2005) reported 2010 budgets of over \$500,000. Most of these organizations remain quite small – not by choice but because of lack of resources; many reported having to cut activities or staff. Moreover, 48 per cent of survey

respondents reported never having received core funding while 52 per cent had never received multi-year funding.

If the ‘new’ interest in women and girls is not translating into resources for women’s rights organizations, what is happening among the more ‘traditional’ funding sectors? Bilateral agencies, international NGOs, private foundations and women’s funds have explored partnering with private companies or corporate foundations. Overall, the 2012 review on Financing for Gender Equality and the Empowerment of Women at the Commission on the Status of Women found that little progress had been made in increasing funding for women’s organizations and gender equality – although official development assistance (ODA) to women’s equality NGOs doubled between 2008 and 2011. However, AWID surveys show that the share of income that women’s organizations reported from international NGOs dropped from 14 per cent in 2005 to 7 per cent in 2010.

Foundations remain an important source of support for many women’s organizations, but, despite some long-standing champions – Sigrid Rausing Trust and the Ford, Open Society, Oak, Gates and MacArthur Foundations – US and European foundation giving in the area has been largely stagnant. Data on the growing number of private foundations in the global South is limited. The diversity within this sector continues to pose challenges when it comes to trying to influence foundations to more significantly support women’s rights organizing.

Women’s funds are important funders and allies of women’s rights movements. Though their resources are limited, they are an important intermediary channel for grants to grassroots organizations. The combined 2010 income reported by 42 women’s funds in AWID’s research was over \$54.5 million, though 57 per cent of them reported income of \$500,000 or less in 2010. Total grantmaking by 37 women’s funds was close to \$28 million in 2010. Key to their funding strategy has been an emphasis on flexible, core, multi-year support for women’s rights organizing.

What is the message for funders from all this? Multi-year and core funding are key to good results, since they offer the possibility of strengthening and stabilizing organizations. If you are a funder, consider funding an existing intermediary. Women’s rights organizations are diverse, many of them working at the grassroots and playing crucial roles in transforming the lives of women and girls. Intermediaries can reach these smaller organizations where a larger funder might not. Finally, accountability mechanisms need to take into account not only the quantity of pledged funding but also the disbursement of resources and, most importantly, the results that funding is contributing to.

Women’s rights organizations should be a priority partner for any donor interested in making sustainable change happen for women’s rights and gender equality. @

**To download the report**

[www.awid.org/Library/Watering-the-Leaves-Starving-the-Roots](http://www.awid.org/Library/Watering-the-Leaves-Starving-the-Roots)

# A wake-up call for professional advisers

New research conducted by The Philanthropic Initiative (TPI) and US Trust shows that while client-adviser conversations about philanthropy are happening in the US, many advisers don't understand what their clients want from them. With just 41 per cent of clients stating they are fully satisfied with these conversations, these findings are important to all advisers looking to close the gap between their approach and their clients' expectations.

**T**he research consists of a survey of wealth/financial advisers, trust and estate attorneys, and tax and accounting professionals working with high net worth (HNW) clients and a separate survey of HNW individuals.

TPI and US Trust undertook the research in hopes that a better

understanding of the major disconnects between advisers and clients would help advisers create 'triple-win' conversations with the greatest positive impact on their own businesses, their clients' lives and society. Specifically, the research shows that advisers need to:

- ▶ **Open the conversation earlier and more often.** 34 per cent of clients are ready to discuss philanthropy on the first meeting, and 90 per cent expect to have discussed philanthropy within the first few meetings.
- ▶ **Focus more on the 'personal' side of philanthropy (passions, values and life goals) rather than the technical side (giving vehicles and taxes).** Clients want both, and they are left unsatisfied when their advisers focus primarily on the technical. Despite what advisers report,

clients perceive that just one in four conversations focuses on the personal.

- ▶ **Understand what actually motivates their clients to give.** Taxes don't. Only 10 per cent of HNW individuals say tax is an important factor in their giving decisions. Personal passions, a desire to 'give back' and a desire to achieve social impact are motivating factors.
- ▶ **Use philanthropy to engage the next generation.** Nearly half of HNW individuals want to involve their children or grandchildren in philanthropic conversations – yet only 9 per cent report their advisers have discussed using philanthropy to transfer values or prepare the next generations for wealth.

#### For more information

Full research findings and other resources for professional advisers are available free at [www.tpi.org](http://www.tpi.org)



Philanthropy Impact's aim is to make sense of and inspire philanthropy across borders, sectors and causes.

We produce thought-leadership events throughout the UK and Europe, and our quarterly issues based magazine, Philanthropy Impact Magazine is highly regarded by those involved in the world of philanthropy.

#### Contact us to find out more:

[www.philanthropy-impact.org](http://www.philanthropy-impact.org)  
020 7430 0601  
[Administration@philanthropy-impact.org](mailto:Administration@philanthropy-impact.org)



#### Forthcoming events

##### 10 December 2013 London: Roundtable

Encouraging philanthropy: the Autumn Statement and beyond

##### 12 December 2013 Liverpool: Roundtable

Understanding and encouraging domestic giving: How can we improve giving in the UK?

##### 22 January 2014 London: Roundtable

Impact investing uncovered: fact or fiction?

##### 4, 5 or 6 February 2014 London: Roundtable

One Year On: a celebration of Philanthropy Impact

##### 11 February 2014 Newcastle: Roundtable

Understanding and encouraging domestic giving: improving giving in the UK?

##### 12 February 2014 London

Philanthropic fundraising, by invitation only

##### 19 February 2014 Milan: Roundtable

Giving in Italy and beyond: the challenges of cross-border giving

##### 25 February 2014 London: The Philanthropy Programme (fee)

##### 6 March, London: In conversation with Richard Ross

Philanthropists only, by invitation

[www.philanthropy-impact.org/events](http://www.philanthropy-impact.org/events)

# A crucial role as risk takers?

Richard Jenkins and Keiran Goddard

New research undertaken by the UK Association of Charitable Foundations casts a revealing light on the UK sector's relationship to the country's emerging social investment market. It also potentially suggests a distinctive way trusts and foundations in UK and perhaps more widely may contribute to the market.

Richard Jenkins is policy adviser to the Association of Charitable Foundations and Keiran Goddard is head of communications. Emails rjenkins@acf.org.uk and keiran@acf.org.uk

**B**ased on a survey of ACF's 330 members as well as in-depth focus groups and interviews, *Charitable trusts and foundations' engagement in the social investment market* found that UK foundations have to date set aside around £100 million for social investment, of which £50 million has already been committed to specific deals. To give a sense of scale, in 2012 the UK social investment market, including foundation investment, was estimated to be worth just over £200 million annually, of which 90 per cent was in the form of secured debt. By contrast, a typical foundation investment is an unsecured loan of £100,000 invested directly into an organization for a term of five years, with some element of repayment dependent on the success of the venture. The research found that such deals generally deliver a below-market return but in every case foundations feel they are justifiable because of the social impact they generate.

Overall there are around 30 foundations in the UK who are already active in social investment, although one market leader, the Esmée Fairbairn Foundation, is responsible for around 45 per cent of the investments made so far. In fact 90 per cent of the total foundation investment comes from just ten

foundations, all of which have investments exceeding £100 million, some staff members, and no legal obligation to preserve the value of the capital. ACF calculates that in total there are only 20 such foundations in the UK. Only three have so far invested in social impact bonds; all of these have investments worth more than £50 million. Respondents also outlined a preference for collaborative working on social investments when possible. They see social investment not as a replacement for grants, or a means of recycling funding, but as an additional useful tool to achieve social impact.

However, the research also highlights some constraints on foundations, often not fully understood by those keen to build the social investment market. First, UK regulatory rules mean that unless a specific social investment is anticipated to make a market-equivalent financial return, charity investors are legally required to make social investment in line with their particular charitable objectives. Second, the presence of staff is a key factor in determining a foundation's ability to make social investments. Perhaps surprisingly, many foundations with investments worth £50 million have only one staff member.

The research highlighted the role UK foundations have already played over the last ten years in providing capital to test the social investment concept, alongside government, and in building some of the key market mechanisms by providing grant funding and capital to intermediaries such as CAF

Venturesome and the Social Stock Exchange.

What might the implications of these findings be for the future of the social investment market? Foundation assets are small in comparison with those of institutional investors such as pension funds. In the UK the government is also a key player in sustaining many social enterprises, through public service delivery contracts and payments for social impact bonds.

What emerges is a picture of trusts and foundations providing risk capital for social purpose organizations at key stages in their development when commercial or even public sector investors may be unwilling or unable to lend, such as when they are starting up, rapidly scaling their activity or testing new or innovative solutions.

While by their nature these sorts of investment are risky, they also require investors to understand the likelihood of the social intervention being delivered. Foundations who took part in the survey stressed that, unlike commercial investors, they have in-depth knowledge about achieving social impact. In addition, they can potentially utilize a mixture of grant and social finance in supporting organizations.

Could it be that foundations, without becoming investors at scale, have a crucial role to play as risk takers and early, committed backers of innovation in what will surely be a diverse funding ecology? @

To download the report

Visit the ACF website:  
<http://tinyurl.com/acfsocialinvestment>



## Coutts' Million Dollar Donors Report goes international

For the past five years, Coutts has published the *Million Pound Donors Report*, an annual study that captures the scale and nature of philanthropy by major donors in the UK. Over the years, the report has documented and inspired major philanthropy in the UK. This year, Coutts went a step further and published the first international *Million Dollar Donors Report*.



The new report studies donations of \$1 million or more across six regions: the UK, the US, Russia, Middle East (GCC), China and Hong Kong. Working with the Indiana University Lilly Family School of Philanthropy and researchers located in all regions,

Coutts captured information about 1,955 donations of \$1 million or more, totalling \$19 billion. The data is analysed by region and complemented by observations about key trends in major donor philanthropy, including the growing professionalization of the field, how donors do more than just write cheques, the growth of social investment, and the key role philanthropy plays in wealth succession.

The report also includes a series of inspiring and open interviews with major philanthropists, illustrating their motivations for philanthropy and the causes they support. It also includes interviews with a number of NGOs in receipt of donations of \$1 million or more.

'Our first international report on major philanthropy across the regions studied illustrates how philanthropy plays a key part in the lives of wealthy individuals, families and corporations,' says Mark Evans, managing director of Coutts Institute. 'While we know that in some contexts we have unearthed only the tip of the iceberg and the true scale of giving will be higher than we report, the data collected offers insightful information about the nature of major philanthropy. By researching the nature and potential of donations of \$1 million or more, we aim to inform and inspire philanthropy.'

To download the report  
[www.coutts.com/donorsreport](http://www.coutts.com/donorsreport)

## CAF aims to boost giving by growing global middle class

This November Charities Aid Foundation (CAF) published the first detailed report of its Future World Giving project, *Building Trust in Charitable Giving*. This looks at what governments can and should do to build public trust in giving.

This report, and the Future World Giving project more widely, focuses on the mid- to long-term goal of facilitating mass participation in charitable giving. The concept paper for the project, *Unlocking the Potential of Global Philanthropy*, estimated that by 2030 a rapidly growing global middle class could contribute close to a quarter of a trillion dollars a year (\$250,000 billion) to charity by donating just 0.4 per cent of their

income (approximately the annual average in the UK).

We all recognize that public trust is something that non-profits must earn, through openness and transparency, by engaging with beneficiaries and communities and by demonstrating impact. We must also recognize that any approach to improving public confidence in charitable giving must include government. *Building Trust in Charitable Giving* raises concerns that if governments do not act now to remove unnecessary barriers to formal recognition of non-profits and to improve the regulatory environment, a lack of public trust could make this positive vision of the future impossible.

The report puts forward a framework of recommendations that is universal. A common truism among philanthropy, and

indeed development, experts is that one-size-fits-all approaches can never work as they do not take into account the local context in which organizations operate. This prevents any development of a common understanding of what governments should and should not do to improve the conditions for giving. We believe that there are certain principles that are transferable. By breaking down our recommendations into three 'tiers', we present a framework that allows less economically developed countries to reach for a standard that is attainable with minimal resource implications while presenting recommendations in tiers 2 and 3 that should serve to challenge any sense of complacency in wealthier nations.

For more information  
 Visit the Future World Giving blog at <http://futureworldgiving.org> for updates on the project

## Something to say yes to!

Leonardo Letelier

**When approached by BMW Foundation to pitch to the full audience at their World Young Leaders Forum in China in September, my first reaction was ‘Sure, I’ll ask them to support SITAWI!’ (SITAWI – Finance for Good is the non-profit I run). But that was the one thing I was not allowed to do. So I thought what can I ask for that 300 global leaders from business, academia, government and social sector would find it easy to say yes to? I decided to ask for stories: short, simple paragraphs on who they are, where they give and how it makes them feel.**

**T**he day I pitched ‘Give More, Give Better’, I got commitments for 50 stories, from ordinary individuals to Giving Pledge signees from all over the

world (and we are working on the other 250).

As a nation, Brazilians give very little (0.2 per cent of GDP), which makes role models vital. The stories collected globally since September and those SITAWI and several of its partners are collecting in Brazil will be posted on a website, and possibly in a weekly newspaper column (with or without attribution), to inspire wealthy Brazilians to become philanthropists. The strategy is for the stories to build emotional connections and highlight common barriers, such as a lack of fiscal incentives for giving in Brazil. Initially we will focus on the ‘give more’ part of the campaign, using

written stories, so the metric for success will be the number of stories and visibility for the campaign as a whole. Over time, we will collect stories that speak to the ‘give better’ part, including videos and links to resources for donors and tracking ‘before and after’ situations, to help us to measure deployment of capital, at least anecdotally. And stories are assets that do not lose value when shared, so if we are successful, other countries can use the same stories to create their own campaigns.

Do you want to contribute a story?

### For more information

Contact Leonardo Letelier at [lletelier@sitawi.net](mailto:lletelier@sitawi.net)

## International community convenes to support civil society

**On the margins of the 68th United Nations General Assembly, heads of state, UN leadership and civil society representatives, including the International Center for Not-for-Profit Law (ICNL), gathered to discuss the growing crackdown on civil society and philanthropy, as outlined in David Moore and Jacob Zenn’s article in the September issue of *Alliance*.**

From left to right: US President Barack Obama, UN Deputy Secretary General Jan Eliasson, Mexican civil society leader Alejandro Gonzalez Arreola, and ICNL President Douglas Rutzen.



**T**his event, hosted by US President Barack Obama, served as a launching pad for a year-long international effort to support civil society under threat. Following the event, 24 governments adopted a Joint Statement on the Promotion and Protection of Civil Society, in which they agreed to strengthen multilateral initiatives, including the Community of Democracies and Lifeline: The Embattled CSO Assistance Fund. This fund, supported by 17 governments and the Ford and MacArthur Foundations, provides emergency financial assistance to civil society organizations under threat and advocacy support responding to broader threats to civil society. These governments also committed themselves to undertake joint diplomatic action to protect civil society in countries where it is under threat and to lead by example in promoting laws fostering civil society.

In support of this effort, ICNL launched the world’s largest collection of civil society legal materials, containing more than 3,000 documents from all UN member states. In addition, the Open Government Partnership pledged to address civic space issues at its October 2013 Summit in London. Bolstering these efforts, members of the foundation community are expected to convene in the coming months to discuss concrete ways to help support civil society and philanthropy around the world. ‘As other countries crack down, I believe we’ve got to step up together,’ President Obama urged world leaders. Civil society is under threat, but the future holds promise for coordinated global action to protect civic voices.

### For more information

Contact Brittany Grabel at [bgrabel@icnl.org](mailto:bgrabel@icnl.org)  
Visit ICNL’s enhanced online library at [www.icnl.org/research/library](http://www.icnl.org/research/library)

# Philanthropication thru privatization

Close readers of *Alliance* may recognize 30 July 1990 as the date the Italian Parliament passed the famous Amato-Carli Law, which opened the way to the privatization of the Italian savings banks and to the ultimate emergence of the now-famous Italian foundations of banking origin, which catapulted Italy into one of the leading philanthropic nations in the world in terms of foundation assets per capita.

What has been less well known is that this Italian experience is far from alone. A very similar phenomenon has occurred elsewhere but we've lacked a concept to bring it into focus. That concept is 'philanthropication thru privatization' or PtP, the capture of significant charitable assets in the course of privatization of formerly state-owned or state-controlled enterprises or assets. Armed with this concept, a PtP project has been launched

that has so far identified well over 500 PtP foundations in 21 countries around the world (see 'Did You Know' below).

Twenty-two of these foundations have now been examined in depth and a report prepared on the findings. What the report shows, among other things, is that:

- ▶ Privatization is still very much under way around the world.
- ▶ PtP can yield enormous foundations pouring significant resources into communities.
- ▶ PtP foundations have generated an enviable record of innovation, good governance and multi-stakeholder problem-solving.
- ▶ By reversing the tendency for privatization's benefits to occur slowly and be spread broadly while its costs become apparent quickly and are concentrated narrowly, PtP offers important

advantages to governments, businesses and civil society.

Under the leadership of Wilhelm Krull of the Volkswagen Foundation, a PtP Advisory Committee has been formed and efforts launched to disseminate the PtP concept and encourage its wider adoption. With billions of privatization deals in play and efforts to build indigenous charities going starved for funds, PtP seems clearly an option worth testing, especially where indigenous resources to seed philanthropic foundations are otherwise in short supply.

If you know of other PtP foundations or want to know more about bringing the PtP concept to your area, contact Naomi Hansen at [nhansen@ewmi.org](mailto:nhansen@ewmi.org) or Lester Salamon at [lsalamon@jhu.edu](mailto:lsalamon@jhu.edu)

#### For more information

Lester M Salamon and Associates, *Philanthropication thru Privatization: Building assets for social progress* <http://bit.ly/1brWDcL>

New findings from the Johns Hopkins Center for Civil Society Studies

## Did you know . . .

Over 500 charitable foundations – including some of the largest in the world – have been created, or substantially enhanced, through a process that has come to be known as 'philanthropication thru privatization' or PtP – that is, the transfer of ownership or control over an economic asset from government to a private foundation.

This process, never before examined coherently, exemplifies a whole new strategy for promoting charitable endowments around the world, particularly in the many regions where such endowments are in short supply but where massive privatization transactions are going forward.

#### For more information

See the article above and the report *Philanthropication thru Privatization* referred to above.

#### Preliminary tally of PtP foundations, by country

Country	Number	%
Austria	33	6.3%
Belgium	1	0.2%
Brazil	3	0.6%
Canada	1	0.2%
Czech Republic	74	14.1%
Germany	29	5.5%
Hungary	1	0.2%
Italy	103	19.6%
Netherlands	1	0.2%
New Zealand	36	6.8%
Norway	3	0.6%
Poland	4	0.8%
Slovakia	2	0.4%
Sweden	22	4.2%
United Kingdom	9	1.7%
United States	199	37.8%
Other*	5	1.0%
<b>Total # of orgs</b>	<b>526</b>	<b>100.0%</b>
<b>Total assets**</b>	<b>\$127.5 billion</b>	

\* Includes Bolivia, Chile, Morocco, Peru and Uruguay.

\*\* Assets not available for some foundations.



## EUROPEAN FOUNDATION CENTRE

# Philanthropy House brings European philanthropy to life

This autumn the EFC took up residence at Philanthropy House – a fully refurbished building in the heart of Brussels that promotes the understanding of, and recognition for, the work of the European philanthropic sector. Through lively debates, inspiring exhibitions, conferences, cutting-edge documentary screenings and much more, Philanthropy House aims to showcase the very best that the sector has to offer.

**A**n initiative of the European Foundation Centre, Philanthropy House is the new hub for the sector, convening foundation, civil society and EU representatives committed to improving the world we live in. The building houses several philanthropic support organizations and as such is a repository of knowledge, expertise

and resources on the sector. Assembling this eclectic mix of organizations under one roof also sends out an important message about the benefits of solidarity and cooperation at a time when these can seem to be in short supply.

A truly pan-European initiative, Philanthropy House was first conceived in 2009 by six leading foundations from across the continent who agreed on the need for a stronger sectoral presence in Brussels:

- ▶ Fritt Ord Foundation (Norway)
- ▶ King Baudouin Foundation (Belgium)
- ▶ Körber Stiftung (Germany)
- ▶ Realdania (Denmark)
- ▶ Stichting Fonds 1818 (Netherlands)
- ▶ Van Leer Group Foundation (Netherlands)

Each foundation provided mission-related funds to develop the House as a model for the future, a novel way of helping the

philanthropic sector become more connected, visible and effective.

Additional funding for refurbishing the building has been generously provided by: Barrow Cadbury Trust (UK), Charles Stewart Mott Foundation (US), Diana, Princess of Wales Memorial Fund (UK), Ford Foundation (US) and Stiftelsen Riksbankens Jubileumsfond (Sweden).

### For more information

[www.philanthropyhouse.eu](http://www.philanthropyhouse.eu)  
[info@philanthropyhouse.eu](mailto:info@philanthropyhouse.eu)

## ASSOCIATION OF SMALL FOUNDATIONS

# Benchmarking operations and management trends at US small foundations

The Association of Small Foundations recently released its 2013 *Foundation Operations and Management Report*. Based on an extensive survey conducted every two years of US small foundations (those with few or no staff), the report includes more than 50 pages of data on how small foundations govern, steward their assets, accomplish their administrative work, and carry out their grantmaking.

**B**ased on responses from 762 out of its nearly 2,400 member foundations, the report tells a story of philanthropy that is personal, passionate, lean, agile and responsive. Among the highlights:

- ▶ Small foundations direct 67 per cent of grant dollars to local communities. ASF members granted more than \$4 billion in total to local, national and international causes in 2012.
- ▶ Small foundations spent just 15 cents per dollar on operating costs; nearly two-thirds of board members serve without compensation.
- ▶ Thirty-one per cent of small foundations have no staff; a

typical small foundation with staff has just 1.5 staff members.

- ▶ Small foundation board members take their responsibilities as stewards seriously, typically meeting four times per year. ASF members report attending site visits (74 per cent); meeting with other funders (59 per cent); and attending conferences or other educational opportunities (50 per cent).
- ▶ ASF member foundations, typical of all US small foundations, report total investment returns of 9.7 per cent in 2012.

### For more information

[www.smallfoundations.org/tools-resources/data-and-research](http://www.smallfoundations.org/tools-resources/data-and-research)

GIFE

## Towards a transformative social investment

**Social investment – the preferred term for philanthropy in Brazil – is currently facing a challenging moment. Although fairly recent, institutional philanthropy has now been in existence for over two decades, if we consider the end of the authoritarian regime as a reference point for ‘modern philanthropy’.**

### WINTER ISSUE OF *EFFECT* FOCUSES ON ‘PHILANTHROPY COMING OF AGE’

As the EFC settles into its new offices at the recently opened Philanthropy House, the winter issue of *Effect* takes time out to discuss how philanthropy is coming of age. It duly looks back at how far philanthropy has come, and the boundaries it has had to overcome, to focus on the key issue of how philanthropy could and should drive forwards to continue this trajectory of progress.

#### To download

[www.efc.be/effect](http://www.efc.be/effect)

**M**any organizations are now looking back trying to identify the contribution the sector has made to the country and the impact it has generated in social, environmental and cultural areas.

There has been much discussion about the capacity of social investment to produce effective change. Brazil has a philanthropic tradition that combines assistencialist practices with business approaches to social issues, creating a very diverse and complex picture of how private actors engage with public causes.

Next year, 19–21 March, GIFE will be holding its two-yearly conference in São Paulo, Brazil, under the theme *Towards a transformative social investment*. The aim is to provoke discussion on the elements that contribute to the capacity of social investment, in its various forms, to produce effective change. There are different perspectives on this issue. Some believe that systemic change can be achieved only if companies change the way they operate within society. While

there is a strong case for impact evaluation as a tool for tracking transformation, others believe that producing change through social investment necessarily involves risk and innovation, even if measurement proves itself difficult and ineffective.

The impact investing industry is also evolving in Brazil, introducing new and diverse strategies for applying private resources for social impact. But some longstanding and pressing issues such as strengthening democracy and participation or the promotion of human rights and social justice will not be easily addressed by the growing number of social businesses.

The conference will present both a critical moment for reflecting on new and outstanding issues affecting social investment in Brazil and an opportunity to think about GIFE's own role in this changing context.

#### For more information

[www.gife.org.br](http://www.gife.org.br)  
[www.congressogife.org.br](http://www.congressogife.org.br)

## Stay up to date with *Latest from Alliance*

News and comment on philanthropy and social investment around the world



*Latest from Alliance* is a truly international blog featuring a diverse range of news, opinions and reports.

- ▶ Contributors representing all corners of the globe
- ▶ Comment on all aspects of the sector
- ▶ Reports from key conferences

Make sure you don't miss out – follow us on Twitter to get all the latest updates

 @alliancemag

[philanthropynews.alliancemagazine.org](http://philanthropynews.alliancemagazine.org)

## NETWORK OF EUROPEAN FOUNDATIONS

## Vicinities – Regional TV miracle that connects and unites

Television is a universally accessible and powerful medium that should be used by civil society to educate, enlighten, engage and inform the public. Aiming to foster reconciliation in south-eastern Europe (SEE) by offering the wider audience a frank exchange of ideas in an open debate about issues that affect the region, the European Fund for the Balkans (EFB) and the Center for Democracy and Reconciliation in SEE (CDRSEE) joined forces in creating the first SEE current affairs regional TV talk show, *Vicinities*.

**F**rom April 2012, the five-part TV programme series was broadcast on a weekly basis during prime time on eight major national and local TV stations in five countries throughout the region. As the first pilot series

surpassed all expectations, it evolved into a more ambitious project with a second season covering a series of new debates.

The 17 shows brought together well-respected and unbiased guests from a wide field of social sciences for discussing topics such as: Stereotypes; How to survive the economic crisis; Media – do they help or hinder mutual understanding; Great powers and the Balkans; To be young and to live in the Balkans; *Vicinities* through caricature; Our history vs your history; Violence of youth over youth; and Civil society.

A number of representatives of the EFB community network were included in all the discussions as an active participating audience, which additionally strengthened the initiative's regional dimension.

*Vicinities* has proved itself as a successful tool for enabling



sincere exchange, interaction and communication in the western Balkans, but also as a positive media example for attracting the attention of the public. Encouraged by this success, EFB and CDRSEE are now planning the next seasons of this exciting series.

### For more information

<http://balkanfund.org/programme-areas/initiatives/vicinities/vicinity/>

<http://balkanfund.org/programme-areas/initiatives/vicinities/vicinities-season-2/>

<http://www.okruzenje.net>

Watch on YouTube: <http://tinyurl.com/EFBvicinities>

## FOUNDATION CENTER

## New open data tool lets users create free customized data on the fly

This autumn the Foundation Center launched *Foundation Stats*, an online tool that provides free and open access to a wealth of data on US foundations, comprising multiple years of aggregate-level statistics. The intuitive web-based platform can be used by anyone to generate thousands of customized tables and charts on the size, scope and giving priorities of the nearly 82,000 independent, corporate, community and operating foundations in the US.

**I**t includes an Application Programming Interface (API) so that web developers can freely extract the data for their own use under a Creative Commons Licence.

Here are some examples of how *Foundation Stats* could be used:

- ▶ A philanthropy association could generate charts that dynamically reflect the giving trends of the top 50 foundations in its state.
- ▶ A strategist working on a public-private partnership for school funding could instantly produce a PDF of top education funders in the state.
- ▶ A researcher could compare arts giving by foundations in one state to those in another and produce visual displays for a report.

The 'Foundations' section of *Foundation Stats* allows users to explore basic financial data of foundations based on organization type, location and fiscal year. The 'Grants' section, which is based on giving by the top 1,000 US foundations, allows data to be filtered by subject area or population group served and by the geographic location of recipients. This includes grants outside the US. It is easy to compare giving across different states or subject areas. Users can generate their own tables, charts and graphs to show trends over time, and all results can be downloaded for use in spreadsheets.

### To download free of charge

<http://data.foundationcenter.org>

## INDIAN PHILANTHROPY FORUM

## Planning for next year's Dasra Philanthropy Week

Planning is under way at Dasra for its much-awaited signature philanthropy event 'Dasra Philanthropy Week' (DPW), scheduled for the first week of March 2014 and culminating with India's foremost event on strategic philanthropy, the Indian Philanthropy Forum annual conference.

**R**ecognized as India's leading philanthropy event, DPW brings together prominent philanthropists to discuss, deliberate and discover path-breaking strategies to address the challenges of a developing nation. Past speakers include visionaries like Anu Aga, Nisa Godrej, Ajay Piramal, Aditi Kothari,

Hemendra Kothari and Sangita Jindal.

Taking centre stage at DPW 2014 will be the theme of 'Empowering Adolescent Girls', critical to propelling change in India. Investing in girls is key to increasing economic growth, improving health outcomes, and bringing about transformative change in girls' lives and those of their families and communities. More than ever before, India is witness to how centuries of gender discrimination and violence have led to devastating and often dehumanizing consequences for Indian women and girls and continue to limit their choices and opportunities for equal participation in society.

The situation calls for urgent action. Through an in-depth

exploration of the issues and challenges to adolescent girls' empowerment, DPW hopes to arrive at timely, effective and sustainable solutions to empower girls as powerful agents of change and leaders of tomorrow.

Through a diverse mix of stimulating and thought-provoking panel discussions, roundtables, presentations and training workshops, DPW will bring together a community of committed philanthropists, social entrepreneurs, non-profit organizations, foundations and multilateral agencies who share a common vision of creating greater impact.

#### For more information

[dpw@dasra.org](mailto:dpw@dasra.org)  
[www.dasra.org/IPF](http://www.dasra.org/IPF)

## COUNCIL ON FOUNDATIONS

## Partnership with United Nations Global Compact

This past autumn, the Council on Foundations has developed a partnership with the United Nations Global Compact (UNGC) and its recently appointed Special Advisor on Foundations, Flemming Borreskov, formerly CEO of Realdania in Denmark. Council president and CEO Vikki Spruill also spoke with the board of Realdania about trends in US philanthropy and how to leverage transatlantic philanthropic partnerships.

**D**uring the 2013 UNGC Leaders Summit, the Council, UNGC, Realdania and the European Foundation Centre convened leaders from foundations and corporations for an Executive Roundtable on Partnerships for Transformation to initiate

conversations on the distinct characteristics of philanthropy and corporations as sustainable development actors. Participants also covered elements for effective partnerships that deliver scalable, sustainable development solutions, and the competitive advantages foundations can uniquely contribute to transformational partnerships.

- ▶ **Unique identity, dynamism and flexibility** Foundations can provide flexible and nimble responses in ways other sectors cannot.
- ▶ **Long-term commitment and responsiveness** Foundations can fulfil multiple roles and fill essential gaps to create transformational partnerships.
- ▶ **Greater risk appetite** Foundations can often serve

as pioneers to produce proof of concept and attract other actors.

- ▶ **Legitimacy as conveners** Foundations can sometimes generate greater trust than public or private institutions and have greater access to local communities.

Furthermore, a renewed consensus is growing on some of the key ingredients that lead to systemic, lasting transformational partnerships between foundations, the UN and the private sector. Chief among these are the need for clear goals and a new way of working requiring new attitudes and skills.

#### For more information

[www.cof.org](http://www.cof.org)  
[www.unglobalcompact.org](http://www.unglobalcompact.org)

## WINGS

## Global philanthropy infrastructure: a spotlight on the unsung hero

The key role a good infrastructure plays in a country's development and growth is hardly disputed. A functioning infrastructure – institutions as well as roads, energy and communications – forms the basis of strong economies, while a poor infrastructure can create sometimes insurmountable bottlenecks and hinder even the most promising attempts to attain sustained growth. Specific sectors within countries also need a solid basis to function well.

**T**he philanthropic sector is no different: associations, networks, consultancies and think tanks, to mention but a few, together support and optimize philanthropic initiatives. In the 2010 WINGS Global Status Report on

Community Foundations, the data analysis produced an interesting finding: the best predictor of in-country development of community foundations is the presence of support organizations to provide services to them. The 2012 update of the report was a first attempt to understand this dynamic by focusing on support organizations. It also showed the importance of a cross-fertilization of learning among support organizations from different parts of the world.

WINGS will now further analyse the role of support organizations in the philanthropic sector as a whole. For the past 18 months WINGS has been engaged in systematic data collection efforts. We now have information on over 90 organizations that are part of our network. Questions encompassed key areas such as mission, benefits

provided, programmes and activities, financial characteristics, and geographic scope.

An initial analysis shows that though it is still hard to categorize the different types of support organization, most share an emphasis on the provision of services that enhance the field's capacity to grow sustainably, offering training, peer learning, conferences and seminars, as well as interest or affinity groups, among other services.

All findings will be published in the *Global Philanthropy Infrastructure Report*, to be launched at the WINGSForum 2014 on 27–29 March in Istanbul, Turkey.

#### For more information

[www.wingsweb.org](http://www.wingsweb.org)

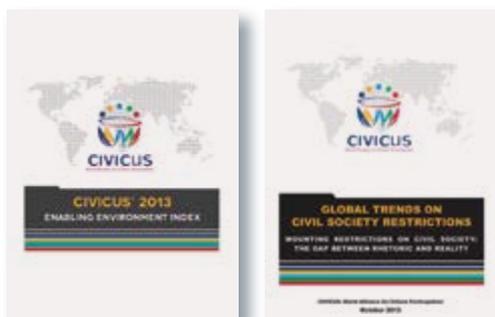
#### To download reports

<http://wings.issuelab.org/home>

## CIVICUS

## New Zealand tops new Enabling Environment Index

Last month CIVICUS released a new index measuring 17 governance, socioeconomic and cultural factors that affect the ability of citizens to participate freely and fully in civil society. The 'Enabling Environment Index' (EEI) ranks the environment for civil society in 109 countries.



**T**he EEI aims to generate global dialogue on what constitutes an enabling environment for civil society. The report argues that strengthening the communications infrastructure and addressing economic and gender inequality are vital parts of building a healthy civil society, as are tolerant, participative societies and cultures of volunteering and giving.

On the national level, the index highlights the factors that prevent civil society from flourishing. In several authoritarian countries such as Iran, Zimbabwe and Uzbekistan, the index provides further evidence to support national demands for progressive political and legal reform.

New Zealand tops the list, followed by Canada, Australia, Denmark

and Norway, while the Democratic Republic of Congo has the worst rated EEI, followed by Uzbekistan, Iran, Burundi and the Gambia.

The report cautions that even the highest ranked countries are far from perfect. In Canada, ranked second, civil society organizations have been subject to politically motivated audits, restrictive legislation and arbitrary funding cuts over the past two years.

The EEI is complemented by a new report released by CIVICUS in October highlighting more than 400 threats against civil society organizations in over 87 countries in the past two years.

#### For more information

The EEI: <http://civicus.org/what-we-do-126/2013-05-06-10-38-39>

Global threats: <http://civicus.org/images/GlobalTrendsonCivilSocietyRestrictions2013.pdf>

Opinion

Annie Duflo and Caroline Fiennes



## Why funding research is not enough



**'Don't just tell me what to do, come and help me do it!' said an Indian government official to a researcher bearing results from studies into effective aid programmes. His response is salutary: there is much**

**work now on increasing the use of evidence in public policy, so we need to understand what policymakers actually need and want, and what will help them be more evidence-driven. For foundations there is a clear message: it isn't enough just to fund research. You have to make sure it reaches the relevant policymakers and in a form that is useful to them.**

Annie Duflo is executive director of Innovations for Poverty Action. Email [aduflo@poverty-action.org](mailto:aduflo@poverty-action.org)

Caroline Fiennes is director of Giving Evidence. Email [caroline.fiennes@giving-evidence.com](mailto:caroline.fiennes@giving-evidence.com)

Over ten years, Innovations for Poverty Action (IPA) has run more than 350 studies in 51 countries to find what works in alleviating poverty. We have had some success in influencing policies of governments, NGOs, foundations and others. Here's what we have found.

The basic lesson is that there is often a disconnect between the people who produce evidence and those who use it. Though they may share a goal, the evidence 'producers' (researchers and academics) often work on a different timescale and in different technical language from the 'users' (government officials and practitioners in NGOs, foundations, companies and elsewhere). Even within the same organization, they may not be used to dealing with each other.

Getting evidence into policy requires much more than producing evidence and publishing it. Rather, 'diffusion [of ideas] is essentially a social process

through which people talking to people spread an innovation', said Everett Rogers, who studied the process (and who coined the term 'early adopter'). This involves behavioural change, and we have found that it's at least as difficult as the research itself. Hence IPA works with both producers and users of evidence, facilitating, translating and supporting.

We use a structure articulated by Professor Richard Thaler of the University of Chicago, who developed behavioural economics. He wrote in the *New York Times* (7 July 2012) of his visits to the UK Government's Behavioural Insights Team, which he advises:

'... I make the rounds of government. We usually meet with a minister and some senior staff. In these meetings, I have found myself proposing two guidelines so often that they have come to be team mantras: 1) You can't make evidence-based policy decisions without evidence. 2) If you want to encourage some activity, make it easy.'

IPA follows those guidelines. In fact, the second starts before the first: we find it useful to engage policymakers and practitioners right at the start, making a three-stage process.

### First, work out what questions policymakers want answered

We are keen to solve problems that somebody actually has, and which they have budget, energy and permission to solve. These may not be the questions that interest researchers or campaigners or the press, but they are the problems where evidence is likely to make a difference. This can be seen as market research, since policymakers are the customers for the evidence.

For example, IPA's work in Ghana led to conversations with the government which showed that they were concerned about low educational attainment, and potentially interested in solutions from elsewhere that might work. We are sometimes a 'match-maker' between policymakers with questions and researchers interested in answering them. Key to building these relationships is having a permanent presence in-country (IPA has offices in 12 countries).

### Second, design programmes that may work, and test them rigorously

IPA works with leading researchers from top institutions such as Harvard, Yale, MIT and the London School of Economics. We often design programmes using behavioural insights which recognize that people aren't perfectly rational, emotionless, net benefit-calculating machines. They're complicated, busy and more liable to copy their neighbours than to read endless small print, and they make bad decisions when they're stressed or tired.

For example, if Kenyan farmers used more fertilizer they could increase crop yields and hence income: it's available, but they don't buy it when they need it, at planting time. Standard solutions involve giving out fertilizer free or subsidizing it, which are obviously expensive options. A behavioural solution is to sell it to them when they have money – right after harvest, before the money all gets eaten or lost or spent. So Thaler's 'make it easy' mantra applies here too.

From the beginning of the research process, we try to involve in the design the policymakers and others who have a stake in the answers. ▶

**Both foundations and charities effectively assume that policymakers will find research, understand it and apply it. This rarely happens.**

Photo on p2: Deworming float in an independence day parade in the Indian state of Andhra Pradesh.

This helps ensure that the research really provides what the ‘customer’ needs. Long term, in-country relationships with policymakers in government, NGOs, foundations and others are valuable here.

IPA produces evidence through randomized control trials (RCTs): for example, comparing the crop yields of Kenyan farmers who are offered fertilizer at harvest time with those of farmers who are offered it during the growing season. By choosing at random which farmers get which offer, we eliminate other differences between the groups, so we can be pretty sure that differences in crop yields result from the timing of the offer. RCTs are pretty easy to understand: they’re just a fair race between a programme and a control group, or two variants of a programme. A well-run RCT is the best way there is of determining the effect of a programme. (Plenty of RCTs are run badly: the BBC recently ran one with just seven participants, which is far too small to demonstrate anything reliably.)

Providing reliable evidence greatly assists in engaging policymakers and practitioners. However, rigorous research is often more difficult, more time-consuming and more expensive than unreliable research. It’s not hard to give fertilizer at harvest time to the first 20 farmers you find and later ask them to recount how this changed their crop yields (or, worse, ask them hypothetically how it *would* change their behaviour and crops). But plenty of research shows that these answers are unreliable and riddled with errors: people aren’t very good at knowing how much they benefited from something or anticipating how they would react to something new.

### **Finally, make it easy for policymakers to find, understand and use the answers**

To Thaler’s second point, we want policymakers to incorporate evidence, so we make it easy for them. We communicate in places and in language that policymakers use. Rather than just distributing copies of academic papers, we produce concise, plain-language, nicely designed summaries of each research project, and briefings about related research. We make sure they are findable through searches by country, research area or keyword. Our staff speak at meetings and conferences of policymakers, and our work is publicized in parts of the press that people read, such as *The Economist*, the *Financial Times*, here, and so on.

We have found that we need to support policymakers to understand how research applies to their contexts, since it can rarely be applied blindly. For instance, many children in Kenya have intestinal worms, which make them ill. So deworming reduces absenteeism in schools. But it won’t achieve much in Scotland, because there aren’t worms there. However, other, more general findings do apply in Scotland – for example, the finding that unless things are available when they have money, people won’t buy them – even things it might be in their interest to buy like fertilizer.

Even when findings are applicable, we are often asked to help with implementation. The opening quote was from an Indian state government official who had seen evidence about deworming. The government realized that the findings were relevant to them and wanted to trial it, but they faced many practical issues in doing so.

So we sent a deworming expert from our Deworm the World programme in Kenya to help them.

Notice the duality here: we need academics to run rigorous research, but we need different teams for communication and implementation support. Academics are generally trained and rewarded for publishing in specialized journals, not for reaching out to governments and practitioners.

### **The role for funders and practitioners**

Often foundations fund charities to produce research in the hope of influencing policy, but both foundations and charities effectively assume that policymakers will find it, understand it and apply it. This rarely happens. Like everyone else, policymakers are much more likely to value evidence or innovations from people they know and trust. It ‘makes it easy’ to find and believe the evidence. This experience isn’t unique to IPA nor to less-developed countries. The Institute for Government, for instance, a UK think- and do-tank, recognizes that research alone will not achieve its mission of improving government effectiveness.<sup>1</sup> So it devotes time, energy and resources to building personal relations with the people it needs to influence and constantly interacts with them through events, blog posts, private meetings and joining government working groups.

This work requires dedicated time and people. They of course need funding and resourcing. The upside is that they leverage not only the research budget but also the significant government spending that it influences. 

<sup>1</sup> For a video of IPA founder Dean Karlan talking at the Institute for Government in August, see <http://tinyurl.com/DeanKarlanAugust2013>

# Social enterprise

## The true legacy of Guo Mei Mei?

David Evans

In 2011, philanthropy in China was rocked by a series of scandals, most notably that of Guo Mei Mei, a young woman whose parading of a 'bling' lifestyle while apparently associated with a highly respected charity became national news. While charities in China have since improved their standards of accountability, many donors are opting instead for direct giving via the internet and 'sustainable' approaches such as social enterprise and impact investment. Curiously, the true legacy of Guo Mei Mei may be that China is able to make a 'generational' leap towards these new forms of doing good.



**David Hayward Evans** is a board member of the Lien Centre for Social Innovation in Singapore, and Head of Philanthropy and Values Based Investing, APAC for UBS. Email david-h.evans@ubs.com

Guo Mei Mei.



To explore this hypothesis further, UBS has supported a major study undertaken with partners including the Social Enterprise Research Centre at Shanghai University of Finance, the Center for Civil Society Studies at Peking University, the *21st Century Business Herald* newspaper in China and the University of Pennsylvania. Published in English just as UBS successfully launched its own US\$50 million impact investing fund, this is the first comprehensive survey of the field undertaken by academics attached to leading Chinese universities. The Chinese version of the report was released at the Boao Forum for Asia in April 2013 in Hainan province in southern China, a major event attended by many senior figures from business, government and civil society in China.

### The status of social enterprises in China

To date, no broadly accepted definition of or administrative arrangements for social enterprise exist in China. However, there is an existing model, the 'welfare enterprise', which dates back decades. Welfare enterprises typically provide employment opportunities to disadvantaged groups, notably the physically handicapped. In the mid-1990s, with government incentives and support, the number of welfare enterprises exceeded 60,000 in China, employing more than 900,000 people. Since then, with greater market liberalization, the number has halved. Nevertheless, welfare enterprises provide an authentic tradition in China on which social enterprise may build. The first, and most successful, social enterprises have grown

out of this tradition. Of these, perhaps the best known is Canyou, headquartered in the fast-growing city of Shenzhen, an IT services company of which more than 95 per cent of employees are disabled. The founder of Canyou, Zheng Weining, started the company in 1999 with five disabled employees and one computer – 'trying to divert myself from my own loneliness and provide myself with another way of living'. Now Canyou has 32 subsidiaries in 11 provinces, employing over 3,700 people and providing a full suite of IT services including animation design, system integration, business process outsourcing and e-commerce.

The outpouring of public support after the 2008 Wenchuan earthquake also provided a spur to establish sustainable enterprises to bring long-term support to affected areas. One such venture is the Aba Qiang Embroidery Support Programme, which provides employment opportunities to craftswomen in a minority ethnic group facing extreme poverty. Start-up capital for the venture came from One Foundation, founded by actor and martial arts star Jet Li. The first store for the venture, founded by couple Yan Junhui and Gao Tunzi, opened in the western city of Chengdu in 2010, with a total of 14 planned by the end of 2013.

### Role of the internet

The biggest single spur to the development of new social enterprises comes through China's enthusiastic adoption of the internet as its marketplace, meeting point and public square, with over 600 million users. One early example is 'Free Lunch', a programme set up by journalist Deng Wei to provide meals to poor rural children. Within a month, Free Lunch had received more than RMB1 million in donations from 100,000 online users. Pure online donation models have quickly evolved into social enterprise models. Buy42.com, based in Shanghai, is an example, based on mutual benefit ('for two') for buyers and sellers.

Inspired by charity shops in the UK, and China's vast online marketplaces such as Alibaba.com, Buy42 allows people to donate and purchase unwanted goods via the internet. Facilitation of the e-commerce model is undertaken by disabled people, with net proceeds going to recognized charities and training and work placement opportunities for the disabled. In 2012, its second year of operations, Buy42 generated more than RMB600,000 in contributions; it is launching a mobile app in 2013.

China's online social enterprises are quickly growing in complexity and ambition. An example is the Zhihui Eldercare Cloud Service Platform, which currently

has 1.4 million users. The virtual eldercare platform provides telemedicine monitoring for indicators for diabetes and cardiovascular disease via wireless-enabled sensors provided to users. Additional services include information about over-the-counter drugs, psychological support, and a ‘timebank’ allowing seniors to offer services to each other on a mutual aid basis.

### Where is the capital?

Given that the first wave of viable social enterprises are emerging in China, the key question is where such start-up ventures can find capital. The report supported by UBS highlights the emerging universe of current and potential ‘impact investors’ in China looking to achieve social impact with their investments. These include domestic private foundations, which now number more than 1,500 since their establishment was liberalized in China in 2004. Government bodies, particularly at municipal level, are also actively providing capital for social enterprise investments, realizing the potential for these new models to fill the gaps in social welfare provision. In 2012, for example, the Shanghai Bureau of Civil Affairs and a related government foundation provided RMB5 million to establish the Shanghai Community Venture Philanthropy Fund. Major corporations are similarly looking at new models alongside traditional philanthropy. For example, Lenovo invested nearly RMB3 million in funding through its Second-Stage Venture Philanthropy Project, while Hainan Airlines has supported a social innovation competition with seed capital for social enterprises addressing social issues in Hainan province. Finally, there has been the emergence of domestic dedicated private equity funds and venture capital firms seeking social as well as financial returns.

### An enabling environment for social enterprises

There has also been a proliferation in both the ‘hardware’ and the ‘software’ of an effective enabling environment for social enterprises. In a number of go-ahead locations, social enterprise industrial parks have been established with local government support, responding to the national call for increased social innovation. Examples include Zhongshan and Shunde in Guangdong, Suzhou and Shanghai. The social

**‘For social entrepreneurs, they believe then they see. For most people, they have to see to believe. To strengthen the development of social enterprise in China, we have to bet on select social entrepreneurs and profile their successes. Their success stories would help people to see then believe.’**

Photo on p2:  
Peer-to-peer  
learning among  
Aba Qiang  
embroiderers.

innovation centre in Shunde was developed using a government investment of RMB30 million.

Advisory firms with expertise in social enterprise and investment have also emerged. These include market intelligence and due diligence providers such as Shanghai’s Venture, as well as incubators such as Transist, Innovate99 and Youchange. A number of domestic and international organizations provide capacity-building services, including, most notably perhaps, the British Council, through its Skills for Social Entrepreneurs programme.

### Challenges remaining

A number of key challenges remain before any kind of effective marketplace for social investments in China can operate. UBS convened an international panel of active impact investors to look at how China can accelerate its progress in this area. The panel identified key tools and policy levers that have been deployed in other markets globally. These included the establishment of incentive mechanisms to drive social innovation, such as social impact bonds, preferential feed-in tariffs for green energy, and layering of risk between public and private actors in investment arrangements. The panel also cited the creation of new legal frameworks for corporate forms for social enterprises and funding for government-sponsored pools of seed capital such as the Social Innovation Fund launched in the US in 2009. Also important is support for related academic research and knowledge-sharing platforms, as well as deploying the convening power of government to bring different actors together to catalyse new partnerships and solutions.

Overall, most panellists felt that China is at a relatively early stage of development for social enterprise and social investment, but also that it has demonstrated the capacity to catch up quickly, and indeed become a global leader in these areas. The key requirement is to promote broad acceptance of social enterprise and social investment in addressing China’s increasing social deficits. As Steven Ying, an impact investor active in China, argues: ‘For social entrepreneurs, they believe then they see. For most people, they have to see to believe. To strengthen the development of social enterprise in China, we have to bet on select social entrepreneurs and profile their successes. Their success stories would help people to see then believe.’ @

To download the UBS report

<http://tinyurl.com/chinasocialenterprise>

# From grassroots to webroots Reshaping civil society?

Christopher Worman

A couple of years ago I got a call from a foundation seeking my opinion on a Romanian initiative. RoPot, the group in question, kept popping up in social media. They were inviting everyone to a conference on social enterprise. Had I heard of them? Yes, I got the invite. What did I know about them? Nothing. Eighteen months later, RoPot had become the highly successful, self-financing Bucharest Impact Hub, one of several similar organizations that have accomplished all this without the intervention of traditional philanthropy.



**Christopher Worman** is director of program development at TechSoup Global. Email cworman@techsoupglobal.org

The rather pretty RoPot website did not shed much light on what they were doing. Yet their Facebook constituency continued to grow and included many friends then working in Romanian civil society. Asking around, I discovered they were led by a group of former AIESEC members who had recently quit corporate jobs in finance and marketing because they believed in Romania's future and felt social economy had a role to play. They were reportedly smart, passionate and determined to do something.

The conference came and went. Much to my surprise (and contrary to the norm in Eastern Europe) participants paid to go. The resulting community apparently had a great time and determined a logical next step was to form an offline space in which to come together and keep building, learning and thinking.

Six months later I was renting office space from them in what later grew into the Bucharest Impact Hub – a fully self-financing co-working space that now has nearly 200 paying members occupying prime real estate in downtown Bucharest. In addition to office space for social enterprise start-ups, they offer consultancy and training services. They run highly successful regional conferences on social enterprise. They have accomplished this without the support of traditional philanthropy.

Not that they didn't ask. But grantmakers were not quite ready to support a loose affiliation of thinkers and doers, driven by good intention but relying on community feedback for guidance rather than an

easily digestible and matrixed three-year organizational strategy.

## Network-first social change initiatives

RoPot is part of a social media enabled trend that is reshaping how civil society in much of the world forms and evolves. Driven by the communicative nature of social media, individuals can find out quickly if anyone else cares about the issues that keep them awake at night. As they shout out into the digital void, the social media echo chamber helps build constituency as people identify problems and organize around solutions. As people complain and resolve together, interest groups form and some begin to drift into offline social movements.

These network-first social change initiatives are rapidly emerging as civil society champions, particularly in parts of the world with less formalized philanthropy: from the more purely political Arab Spring with its millions to RoPot, Let's Do It (a voluntary clean-up-the-countryside movement which regularly brings out 150,000 plus individuals in Romania alone) and countless others.

Many of us are excited by this shift. After all, these grassroots (or perhaps more accurately webroots) initiatives epitomize the arc of traditional civil society development: an angry individual aggregates a community which may form an organization to take on systemic issues. These groups are organizing communities around individuals willing to change their patterns of behaviour and confront environmental issues from the bottom up. They are connecting real people in ways we all hope for, yet they often don't see themselves as civil society at all.

Unlike many older organizations trained, for better or worse, to think about social change in terms of frameworks, 'root issues' and sustainability, these groups embody a more democratically driven participatory model in which leadership and plans are crowd-sourced. Many intend solely to bring people together to win a fight, while a few hope from the outset to evolve the organizational structures we are used to funding.

## When do you take a Facebook page to a board of directors?

Noting their success in reaching and engaging masses of individuals in effective and meaningful ways, which is something most of us would clearly like to support, how and when do you take what may look like 'just' a Facebook page to a board of directors? ▷

One approach to investing in web-rooted movements was offered by Elena Calistru, award-winning<sup>1</sup> founder of [www.banipierduti.ro](http://www.banipierduti.ro), at this year's 'Transparency'-themed Grantmakers East Forum in Belgrade in October. Calistru's web-based tools track public spending and engage citizens in participatory budgeting. Her community of users embodies participatory democracy and is beginning to win battles against public administrations. Responding to the direct question about when traditional philanthropy mechanisms might be most useful, she stated: 'Once we have tested a solution and have a community of users, we need support to start investing heavily offline in expanding range of activities from legal actions to the normal day-to-day things like getting an accountant and scaling what has proven successful.'

#### Asking established NGOs to carry out online campaigns

Another approach might be asking more 'analog' – ie traditional offline – organizations to prove their theories of change resonate with proposed beneficiary groups through social media campaigning. Many grantmakers practise an offline version of this by requiring some representation of community in the 'need' or 'environment' sections of grant applications. Usually the applicant populates this section of a grant with statistics and some balance of quantitative and qualitative 'guesstimation', which we accept on faith. An application backed by a social media-driven campaign, on the other hand, would offer insight into the size, shape, interaction and potential interest in behaviour change of a proposed beneficiary community.

This second approach, while ultimately educational, may not prove realistic for some organizations that lack the time and/or ability to run a successful online-to-offline campaign. If they are not supported to learn how to run such campaigns, they may fail miserably – which brings us to a third option.

#### Partnerships between web-based initiatives and established NGOs

Established NGOs often bring years of experience and 'data' on how systemic change happens. They have connections and the ability to influence legislative change. Yet many lack the broad constituency that adds weight to their conviction. If facilitated well, linking campaign-driven communities with NGOs confronting

**It is clear that network-based initiatives are establishing a track record of motivating communities around solving the issues they find most relevant; they are enabling real change.**

systemic issues might lead to a process in which citizens inform and participate in winning campaigns around issues they find most important and which are linked to specific, targeted, legislative initiatives. This combination of people and policy-making might begin to build truly empowering democratic processes, ultimately challenging the disenfranchising political environments which enable so many of the world's ills.

Regardless of if or how you engage in linking social media to social change, from the more institutionally focused RoPot to the more decentralized-by-nature 'Occupy' movement, it is clear that network-based initiatives are establishing a track record of motivating communities around solving the issues they find most relevant; they are enabling real change.

These groups may remain a bit of a chimera to traditional investment models but as long as there are social media, they will keep forming, challenging our models of social change and the role of established civil society. It would be a shame not to explore bringing the two together and getting the best out of both worlds. @

<sup>1</sup> Calistru won an award from the Ashoka Foundation and Transparency International for her work with Bani Pierduti. More at <http://15iac.org/get-involved/social-entrepreneurs-main>

Let's Do It volunteers clean up Romania's countryside



# Global ‘next gen’ trends

Jason Franklin

I’ve been a ‘next gen’ donor for 13 years, ever since I began getting involved in philanthropy after discovering as a graduate student that my family had a small foundation. Slowly philanthropy began to permeate every part of my life. Even as I continued working as a community organizer it emerged as part of my academic work, where I began to research the impact of philanthropy on policy change; as a volunteer, I became a deeply engaged board member of several foundations. Finally, in 2010, I shifted my professional work into philanthropy when I became the first full-time executive director of Bolder Giving. So when I was invited to serve as the guest editor for this *Alliance* special feature exploring the dynamics of ‘next gen’ philanthropy globally, I leapt at the chance.



Jason Franklin is executive director of Bolder Giving, a US-based non-profit that works globally to inspire people to give. He is a Lecturer on Public Administration and a doctoral candidate at New York University, where he focuses on the role of philanthropy in policy change. He is a board member of the North Star Fund, Proteus Fund, Solidaire Network and 21st Century School Fund. Email [jason@boldergiving.org](mailto:jason@boldergiving.org)

First I should explain why I use quotations when I refer to ‘next gen’. It’s a phrase that has bothered me since I first got involved in philanthropy because it’s so permeable.

## Who are the ‘next gen’?

With traditional generations we have start and end years (for example, US Baby Boomers are born between 1946 and 1964); we have no such boundaries for ‘next gens’. While we know that historically philanthropists, especially those with significant wealth, have tended to step into the role of donor later in life, more and more people in their twenties, thirties and forties are getting involved in philanthropy. Several factors are behind this: the rising cultural and societal acceptance and support of giving across the globe; faster wealth accumulation among younger generations through technology-oriented businesses; and in the US and Western Europe the largest intergenerational transfer of wealth ever seen.

But it begs the question of who we are talking about when we refer to the ‘next gen’. When do you get too old to be ‘next gen’? For general purposes, I would say that ‘next gen’ refers to young donors from their early twenties to early forties, but there is significant variation among donors across this age span and no hard-and-fast rule. Amanda Bloch from South Africa echoes this uncertainty when she writes: ‘I am not sure that I fit into the category of old generation or next as I have just turned 40; perhaps current generation would be a better definition.’



## The first studies of ‘next gen’ donors

One thing that particularly drew me to work on this *Alliance* special feature was the idea of exploring in more depth the tantalizing results from the first two in-depth studies of ‘next gen’ donors: the *Future Stars of Philanthropy* report released in 2012 by the Charities Aid Foundation (CAF), based on a survey of almost 1,500 young donors from across North America, Europe and Asia-Pacific countries; and the *NextGenDonors* report of the Johnson Center for Philanthropy at Grand Valley State University and 21/64, published in early 2013, based on a survey of 310 high-capacity young donors from the US and 30 in-depth interviews. The article written jointly by the authors of these two studies in this special issue of *Alliance* offers a jumping-off point to explore the similarities and differences among ‘next gen’ donors globally, as do the responses from young donors themselves and the interviews and other analyses you’ll find in the coming pages.

As I read these final pieces, I found myself nodding regularly in agreement with them and also occasionally noticing places where my admittedly biased experiences were different from the findings from these surveys, and the interviews and responses from young donors more diverse than in my personal circle.

Although it is always challenging to offer any generalizations about a global community as diverse as ‘next gen’ donors, I will nevertheless offer a couple of observations I think may constitute defining differences between ‘next gen’ donors and their older counterparts. ▷

Waqfeya board member Tarek Michel prepares young donors to lead through soft skills training (see p44).



### A more integrated approach to life

First, as young donors are getting involved in philanthropy earlier in their lives than their parents and grandparents, there seems to be a global tendency to integrate philanthropy more directly into their lives and to see it as one more expression of their passions rather than an activity done on the side. Elaine Smith from Brazil notes that while there is not likely to be a huge new surge of giving among younger Brazilian wealth holders, ‘what does seem to be under way is a change in mindset towards creating and sharing value through business rather than philanthropy’. In a similar vein, Neeta Saraogi from India notes that ‘the younger generation does not identify philanthropic giving with a phase or stage of their lives, but rather as a continuum’.

Rather than a dramatic difference between generations, I see this as largely a result of the moment when the philanthropic journey is beginning for younger donors. For previous generations, the tradition was for serious philanthropic activity to begin after careers were established or even as people entered retirement. Now with ‘next gen’ donors – early inheritors, early wealth accumulators and early high earners – all beginning their philanthropic activities in a serious way early in their lives, they are seeking new and more integrated ways to balance philanthropy with other activities.

**As young donors are getting involved in philanthropy earlier in their lives than their parents and grandparents, there seems to be a global tendency to integrate philanthropy more directly into their lives and to see it as one more expression of their passions rather than an activity done on the side.**

When asked to reflect on the impact of his involvement with his family’s philanthropy, Alex Buffett Rozek noted that ‘my biggest epiphany, so to speak, from being involved with the foundation, and why I’m still thankful to have been involved, is that there are no silos in terms of how you think about the world’. As young donors get more deeply involved in philanthropy earlier in their lives, I predict that we will continue to see the blurring of boundaries between business and social activities, between philanthropy and investing, and ‘next gen’ donors will develop new models for integrated social change.

### Addressing root causes

Similarly, as we face growing global wealth inequality, increasingly severe threats from climate change, and challenges to national and global governance, ‘next gen’ donors seem to more highly prioritize giving that aims to address the root causes of some of our most pressing social problems and to look for opportunities for systemic change. I see this reflected in my own giving, which prioritizes community organizing and advocacy versus the veterans’ services and child welfare causes prioritized by my parents, and in the giving activities of so many other ‘next gen’ donors I’ve worked with over the years. Jessie Spector from the US frames it as an interest of young donors ‘in understanding the structural causes behind the issues we care about and finding new ways to support systems-level change’, while Marwa El-Daly notes that ‘Egypt’s young philanthropists want to respond to root causes rather than dealing with symptoms’.

While these issues are gaining traction across all generations, for a generation coming of age amid the

Arab Spring and Occupy movement, there is a growing sense that we must harness philanthropy for more than just traditional charity if we are to ensure a sustainable world for our future and that of our own young children. I would suggest that we can attribute this to a combination of general political disillusionment and a decade or more of promotion of strategic philanthropy and the impact of social change giving. Amanda Bloch captures this clearly when she describes her fellow South African 'next gen' peers as 'angry and somewhat disillusioned by what democracy has not delivered. These givers want to express that through the support of social justice initiatives.'

**Talking more publicly about giving**

I also see among 'next gen' donors a greater tendency to talk publicly about their giving and to want to share their giving stories with others. In part I expect this is a result of growing up in the digital age, with the expectation of instant communication and changing norms of privacy arising from a life lived online and connected through social media. As Neeta Saraogi says, 'where their parents were silent on the subject, younger generations [of Indian donors] feel the responsibility to advocate for change, garner support from their friends and peers, and play a more active role in improving our society . . . The younger generation seem to be writing an entirely new dialogue around philanthropy and poised to take it to the next level.'

Recognizing the limits that every donor faces, that there are never enough resources to solve major social problems alone, 'next gen' donors are more quickly and enthusiastically embracing the role of donor spokesperson and advocate than our parents and grandparents generally have. We understand that sharing our stories of giving can actually be another act of service. As Jessan Hutchison-Quillian says in his interview, 'I feel like I have this amazing secret that I want to share with more people: not only can you make other people's lives better, but you'll actually make your life better, through giving.'

**Following and diverging from our parents' paths**

Finally, one finding that struck me in the *NextGenDonors* study and in several of the articles in this issue was the way that 'next gen' donors both

**I admit to being a bit surprised to see youth/family, education and basic needs so highly rated as shared issues with our parents and grandparents. This was a valuable reminder to me personally that as a generation writ large we are perhaps not as different from our parents as I often think.**

follow and diverge from the philanthropic practices of their families. I was not surprised to see animal welfare, the environment, civil rights and advocacy identified as 'emergent issues' among other US 'next gen' donors in the *NextGenDonors* report. But I admit to being a bit surprised to see youth/family, education and basic needs so highly rated as shared issues with our parents and grandparents. This was a valuable reminder to me personally that as a generation writ large we are perhaps not as different from our parents as I often think.

This research also confirmed my sense that arts and culture, religious, and health-focused organizations need to pay special attention to engaging 'next gen' donors now or face the prospect of an ageing and shrinking donor base. While I expect that some of these issues may see more attention from my peers as we grow older and have more time for the arts, face more health issues, and refocus on religion as we start raising children, these are major shifts that non-profit leaders should pay attention to now.

Similarly, both the research and the interviews for this special issue reconfirmed my sense that many 'next gen' donors are looking to adapt rather than reject their parents' philanthropy. In the *Future Stars of Philanthropy*, the authors note that 'Generation Y is actually far closer to their parents than many of the generations that have gone before them. They share similar values, interests and objectives; they simply want to reshape these values in ways that are more meaningful to them and their generation.' ▶

Jessan Hutchison-Quillian (right) with two other members of a Social Justice Fund Northwest Giving Project.



Resource Generation (see p47) board and staff meeting June 2012.



Alex Buffett Rozek offers a perfect example of this adaptation. He fully accepts his grandfather Warren Buffett's belief that the best way to give money away is to turn it over to those who know best. But rather than turn his grantmaking over to the Bill & Melinda Gates Foundation as his grandfather did, he is harnessing the power of technology to launch a MOOC (Massively Open Online Course) to engage thousands of people to help distribute funds from the Learning by Giving Foundation.

I look forward to witnessing the many adaptations and innovations our generation of donors will invent, building on the experiences, successes and challenges of our families to define our own philanthropic paths.

### What happens as we grow older?

How 'next gen' donors will evolve in the coming decades remains an open question. Will our focus on active engagement in the charities we support increase or will it wane as we have children and face greater challenges as we advance in our careers? Will we sustain our optimism about the possibilities for social change giving and the power of social enterprises or will we throw up our hands in frustration at the slow pace of change and return to the traditional charitable activities of our parents and grandparents? Will our tendency towards risk-taking ebb as we age?

When I'm asked to speak about 'next gen' issues I always make the distinction between *age* and *generation*. Teenagers often rebel against their parents



Consulting Cafe at Resource Generation's 2012 MMMC (Making Money Make Change) conference.

but that is a function of age rather than generation. Generational characteristics are enduring dynamics that last as people age, developed in response to social and cultural norms and the shaping events of a generation. What remains to be seen is what are the enduring generational traits of 'next gen' donors and what are simply the age-specific characteristics of the first generation to be involved at scale in philanthropy so young. I expect that this current set of 'next gens' will continue to engage in philanthropy differently from our parents and grandparents, as the many articles in this issue suggest, but I remain equally curious to see what the 'next next gen' will bring to the philanthropic table. @

# What do the next generation of major donors want?

**Amy Clarke, Ben Eyre, Sharna Goldseker and Michael Moody**

We hear a lot about ‘next gen donors’ and how they will change philanthropy and social investment. But what we hear is not always consistent, nor is it based on systematic data gathered directly from the next gen donors themselves. Two recent studies of this crucial group help to give us a more informed picture of who these new donors are and what they want from their philanthropy.



**Amy Clarke** is head of advisory, CAF Philanthropy Services. Email [AClarke@cafonline.org](mailto:AClarke@cafonline.org)



**Ben Eyre** is private client adviser, CAF Philanthropy Services. Email [BEyre@cafonline.org](mailto:BEyre@cafonline.org)



**Sharna Goldseker** is managing director of 21/64. Email [sharna@2164.net](mailto:sharna@2164.net)



**Michael Moody** is Frey Chair for Family Philanthropy, Johnson Center for Philanthropy. Email [moodym@gvsu.edu](mailto:moodym@gvsu.edu)

Some worry that the rising cohort of major donors – those now in their twenties and thirties – will be free-wheeling, free-spending global jetsetters, crushed by the weight of the trillions in wealth predicted to transfer to their hands in the next half century, and prone to rash investments in flashy but ineffective social ventures. Others worry that these new philanthropists will neglect traditional causes in favour of whatever their friends are talking about on social media. Or worse that they will ‘engage’ as donors solely by clicking the ‘Like’ and ‘Give’ buttons on a website.

What everyone agrees on is that these next gen donors have the potential to be the most significant philanthropists in history, given the size of the assets they will be able to contribute, and the pace of innovation in the social sector. No one doubts the importance of knowing more about what they want.

The major donors we studied are in a crucial stage of developing their philanthropic identities, which will in turn shape global giving and social investment for decades to come. While our two studies were not connected, and while they gathered data from different populations, we arrived at many similar and somewhat surprising conclusions. For the most part, these rising donors are thoughtful about giving, and want to be personally engaged in their philanthropy. They want to be taken seriously as strategic donors looking to make a significant impact, often in collaboration with members of their networks. But there were also some differences in our findings that raise new questions about the next generation.

## Impact-focused and looking for new strategies

Impact measurement has been moving up the philanthropy agenda for years, yet our two studies confirm that the focus on measuring the tangible difference giving makes is going to be even more critical for these next gen donors than for previous generations. They want to innovate new strategies to maximize this impact.

In the *Future Stars* global survey, 52 per cent of respondents under 30 said ‘I want to make a tangible difference and impact’ when asked ‘what type of giver are you?’ compared to 43 per cent of those over 45. Similarly, the *NextGenDonors* survey respondents, when asked which elements of philanthropic strategy were important, rated ‘conduct due diligence’, ‘address root causes’ and seeing evidence of ‘proven effectiveness and measurable impact’ as among the top five.

One of the *NextGenDonors* respondents cited this as a generational difference:

## The Future Stars of Philanthropy

Released in 2012, *The Future Stars of Philanthropy* is the first report in the Future of Philanthropy series from the Charities Aid Foundation (CAF). Based on data from the Scorpio Futurewealth project, *Future Stars* analyses survey responses from 1,428 wealthy individuals under 30 and over 45 from across North America, Europe and Asia-Pacific countries.

[www.cafonline.org/my-personal-giving/long-term-giving/future-of-philanthropy/future-stars-of-philanthropy.aspx](http://www.cafonline.org/my-personal-giving/long-term-giving/future-of-philanthropy/future-stars-of-philanthropy.aspx)

## NextGenDonors: Respecting legacy, revolutionizing philanthropy

Released in early 2013, the *NextGenDonors* report is a joint project of the Johnson Center for Philanthropy at Grand Valley State University and 21/64, a non-profit consulting practice specializing in multigenerational engagement in philanthropy and family enterprise. The data for *NextGenDonors* came from a survey of 310 high-capacity (either their own or their family’s capacity) 21–40-year-old donors in the US, along with 30 in-depth interviews.

[www.nextgendonors.org](http://www.nextgendonors.org)

## What do the next generation of major donors want?

*'I believe my parents give much more for the "feel good" feeling that comes along with giving, whereas I am dead-set on maximizing the impact of my philanthropic dollars.'*

Having bought into the measurement idea at a young age, it seems that next gen donors aim to bring about sustained gains for society through more impact-focused giving.

Achieving an impact through asset allocation – in addition to giving – seems to be very appealing to next gen donors as well. Interest in impact investing is growing as next gen donors yearn to achieve more with their philanthropic capital. One US donor commented:

*'My generation doesn't think you need to sacrifice positive social impact for earning money. Those two things don't just coexist together but are actually inherently aligned and that is actually the way the world should work, that I should be adding both social value and financial value to me and everyone else.'*

We found that interest in other new innovations – such as social enterprise, entrepreneurial social ventures and collaborative vehicles – is also growing among the next generation. It seems that they want to use every tool in the philanthropic toolbox, even the risky ones, to achieve greater impact.

### What causes are they interested in?

What about the causes on which these next gen donors want to make this impact? Are these the same as for previous generations, or for donors around the globe?

Our two surveys found that while many of the causes are the same across generations – for example, education and basic needs – there are some important differences. The next generation is relatively more interested in giving to environmental or economic inequality causes, and less interested than older generations in religion, health, youth/children and the arts. The global sample of young donors in the *Future Stars* study also show a greater interest in global issues than the US donors in the *NextGenDonors* report. The US donors were relatively more focused on engagement with problems closer to home.

### Hands-on and looking to add value

But the next generation differs most in *how* they want to approach their giving. They are focused on creating impact, and doing so using new kinds of strategies and innovations. They want to change how major donors

**'My generation doesn't think you need to sacrifice positive social impact for earning money. Those two things don't just coexist together but are actually inherently aligned and that is actually the way the world should work.'**

engage in their philanthropy. Our two studies highlighted the growing demand by next gen donors to 'connect' more with their giving activities. They want philanthropy to be an intense, 'need-to-have' lifestyle choice, not an occasional, 'nice-to-have' add-on activity. In their responses, we heard that philanthropy should be hands-on, more than writing a cheque. It should make a meaningful contribution through close engagement with people and organizations.

One young donor, quoted in the *Future Stars* report, focused on philanthropy at the beginning of her entrepreneurial career:

*'When I started the business, I knew I wanted to have a charity aspect to it. I had always worked in fashion, but I wondered if I could do more. Fashion is light-hearted, fun and beautiful, but I wanted an element in the business that kept me grounded and made sure I didn't forget about the real needs of people.'*

Other under-30 respondents to the *Future Stars* survey said that they want personal involvement with causes about which they care deeply. Under-30s were twice as likely as those over 45 (33 per cent vs 16 per cent) to say this.

Donors interviewed for the *NextGenDonors* report echoed this interest in making philanthropy 'not only something that we give financially' but something 'that permeates our everyday life, that we give of our time, of our intellect'.

### EXIT SIGNS?

While the two studies clearly found a similar interest among next gen donors – both US and non-US – in being closely engaged in giving time and talent as well as money, there was a notable difference in the findings of the two studies around the question of when this engagement should end.

The *Future Stars* report, as well as CAF's own work with the next generation of major global donors, suggests that many of these donors are driven by the desire to affect change in their close organizational partners and then *exit* wisely. They consider carefully how they can exit the organization with the confidence that any 'gap' can be filled easily and effectively. They are interested in the health of the organization pre-, during *and* post-engagement.

By contrast, the US donors in the *NextGenDonors* report did not report this same interest in finding a way to effectively end their engagements. They see great benefit to a long-term relationship, and once they develop a close relationship with an organization they believe in, they want to stick around and continue this relationship, so long as their engagement remains meaningful and the organization continues to create real impact.

This subtle but important difference in our findings suggests a theme for future research on this all-important group of rising donors.

Comment

Felipe Custer



Felipe Custer with his wife Carla and son Kai. The placard reads: 'Without the environment there is no future.'

**Felipe Custer** is corporate sustainability and communications manager at Corporación Custer, based in Lima, Peru, and a member of Synergos's Global Philanthropists Circle. Email: felipe@corpuster.com.pe

Clearly, the way we give and invest is changing. This article highlights some of the key aspects of this change, and I see many of my views reflected in these trends. Engagement and collaboration are core concepts in my perception of philanthropy. Although many of my views are mirrored in the article, I would put a far greater emphasis on the inclusion of children and youth in our strategy.

Most of the trends mentioned point at a more general trend in the field of 'love for humanity': an evolution towards a more sustainable form of giving. Shared knowledge and hands-on effort, combined with persistence (here I identify with the donors interviewed for the *NextGenDonors* report, who plan to stick around rather than to 'exit wisely' – I'm 33 and US-born, so it's a profile that more or less fits my own), are all likely to support long-term success and greater impact. Establishing metrics to gauge impact is a key factor in a project's sustainability, as is the flexibility and adaptability to embrace new strategies. All of these trends make good sense and they define an approach that I seek to emulate.

Indeed, it's all about a more strategic approach in order to maximize impact. We need change and we need it fast. We also need that change to last. We've seen plenty of examples of quick fixes that end up creating larger problems, but to change this trend we have to consider key elements of our target audience.

**The article describes trends regarding areas of interest, stating that the next generation is relatively more interested in environmental causes than in health and youth/children. I disagree.**

For me, a central part of an effective, long-term strategy in almost every field that is relevant is the inclusion of children and youth. The article describes trends regarding areas of interest, stating that the next generation is relatively more interested in environmental causes than in health and youth/children. I disagree. We need to include young people in our strategy

to make progress on environmental issues. Anything different would show a lack of foresight. In addition, the well-being of our environmental ecosystems is intimately tied to human health, and these issues should all be considered deeply interrelated.

Our generation faces some of the greatest challenges to date. The well-being of our planet is absolutely paramount. To achieve that, however, we need not only to be more involved, collaborative, adaptive and persistent; we also need to understand where synergies exist and how they play into a smarter form of giving.

These rising young donors choose to engage in two ways. First, they want to actively partner with their NGO of choice to help shape and deliver the projects they support. They want to see their contributions at work and to have the assurance that those funds will be leveraged to their fullest extent. Another US donor interviewed for the *NextGenDonors* report said this was a difference in his style of philanthropy compared to older members of his family, noting:

*'I am more of a mile-wide, hundred-mile-deep guy where you just get to know everybody very well, you have a very close relationship, you really believe in the organization, and your money makes a big impact on that organization.'*

Second, next gen donors want to invest not just their money, but also their time, talents and skills to help shape the future growth and sustainability of the

organizations they support. They want to roll up their sleeves, open their toolbox of skills, and help solve problems. They want to travel to where the organizations they support are working on the ground to see tangible change. This hands-on orientation was a key finding in both of our reports and it presents a vital and positive opportunity for family, advisers and NGO leaders who seek to engage next gen donors to build a relationship of working *with* one another instead of *for* one another.

**Influenced by family . . .**

As we did, readers might initially assume that Gen X and Y donors would be most influenced in their giving by Twitter and Facebook. But both of our studies show, instead, that 'old school' channels of information play a bigger role for next gen donors than we expected. ▶

What do the next generation of major donors want?

The most widely cited influence on the philanthropy of donors in the *NextGenDonors* survey was parents (89 per cent), followed by grandparents (63 per cent), close friends (55 per cent), and peers (47 per cent). Similarly, in the Future Stars survey, donors under 30 were more likely to turn to family members, peers and giving circles for information on philanthropy than were their counterparts over 45, who were more likely to consult accountants.

Both studies found parents and older family members were eager to involve the next generation in philanthropy at an early age. Over 40 per cent of the US donors in the *NextGenDonors* study said they first became actively involved in their family's philanthropy before the age of 21. Both studies also found that, despite this strong early influence of families, next gen donors tend to want to emerge from under their parents' philanthropic wing. One US donor

**Both studies found parents and older family members were eager to involve the next generation in philanthropy at an early age. Over 40 per cent of the US donors said they first became actively involved in their family's philanthropy before the age of 21.**

said first, 'my family has taught me everything I know about giving', and then quickly clarified, 'I approach it very differently and, of course, bring different things to the table as a young person with a fresh perspective.'

#### ... and looking for peers

In short, where next gen donors are now is not where they want to be, or where they think they will be in the future. They seem predisposed to embrace opportunities to learn and are especially attracted by opportunities for peer learning. Whether from situations of inherited philanthropic opportunity or earned wealth, both studies found a keen interest among the next generation in collaborative peer giving vehicles. They want to leverage their peer networks to, again, create greater impact.

One young donor from the UK considers this peer orientation to be a hallmark of her generation. 'The community aspect is so key to me. I think that was lost in the last generation. I am always looking to put people back in touch with each other.' A US donor from the *NextGenDonors* study concurs: '[Giving] is so much

#### Comment

#### Ayşecan Özyeğin Oktay



**Ayşecan Özyeğin Oktay** is an executive board member of Fiba Group, a trustee of Husnu M Özyeğin Foundation and a Synergos GPC member.

This is an incredibly exciting time to be involved in philanthropy. Not only is the field extraordinarily dynamic but, as these two studies show, there is so much to learn, with readily accessible new information emerging almost daily. Similar to the donors surveyed, I have been involved in my family's philanthropic work from a very early age, and much influenced by my parents.

My parents have been very hands-on in their philanthropy, taking a deep interest in the organizations they set up – similar to the next gen donors described in the article. I would see myself as continuing this practice as I believe that without personal involvement it is difficult to assess the challenges faced – or the success. My business background has enabled me to analyse the work I am involved in and to bring a more results-oriented approach – though not, I hope, at the expense of losing the social change dimension which for me is really the bottom line.

I also believe that, as with any organization or work, philanthropy can only be as successful as the people involved, which is why I believe that professional management, of the same quality and standards as we would expect in our business ventures, is critical.

What struck me as I read this article is how diverse the context for next gen donors is. Strategizing on and practising philanthropy is very different for the next generation in countries with a long history of institutionalized giving as opposed to emerging economies where we have yet to move on from traditional charity. In emerging economies like Turkey the sustainability of philanthropic ventures is a key issue, and I believe the new generation has a responsibility to ensure the successful legacies of their families, who are often the makers of the fortune.

Too often we find that new generations do not share the interests of previous generations or they set up their own institutions and neglect those that are already established. If these older institutions do not have secure endowments they may start to fail.

I would hope that as a next gen donor I can strike the right balance between sustaining and furthering the successful work of my parents and creating my own innovations.

better when there are 20 other people around the table.’

**Looking to the future**

The days of Dickensian charity might finally have passed. The new donors coming of age now will be working in a very different philanthropic landscape, even if some of the scenery is familiar.

It is exciting to see the potential for next gen donors to redefine how societies around the globe deal with the issues they face. Next gen donors don’t want to outsource delivery of social solutions; they want to be part of the solution and they are willing to bring the resources of their families, friends, peers and workplaces, as well as their skills and their time, to bear as they engage closely with the organizations they believe in.

**They want impact. They want engagement. They want to be closely connected to the organizations they support and to their peers. They want to be taken seriously as donors.**

There are many questions still to be answered about this group with outsized philanthropic potential. What about emerging donors in other parts of the globe such as Africa or Latin America? How might wealth creators differ from inheritors? How much do certain experiences with philanthropy matter? How will the next generation react to unintended failures or frustrations in their philanthropy? Will the preferences we found now change as Gen X and Y donors age?

Hopefully our two studies provide useful initial insights into what next gen donors want, and how these generations want to go about giving what, by all accounts, is an unprecedented amount of philanthropic resources.

They want impact. They want engagement. They want to be closely connected to the organizations they support and to their peers. They want to be taken seriously as donors. @

**Comment Joana Lee Ribeiro Mortari**



**Joana Lee Ribeiro Mortari** is the manager of Associação Acorde, an NGO that promotes empowerment of children and youth in São Paulo, founded by her family.

www.facebook.com.br/aacorde

I remember being dragged to a Council of Foundations conference a few years ago and feeling like a complete alien. In three days I found out about the existence of community foundations, only to discover gladly, later on, that Brazil actually has a few. It was the first time I had heard about impact investment, and to my delight it was surprisingly fitting with my beliefs. A friend of mine founded the first impact investment fund in Brazil – and to this day I have not been able to convince my family to invest a penny in it.

It was also the first time I heard of 21/64 and actually met some of its members, and that really struck me as amazingly far from my reality. Up to 2006, when I started my career in the not-for profit-sector, I did not have a single friend who volunteered or donated. If they did, they hid it from the world. In Brazil, volunteering and donating are not cultural values.

After a few years in the field I was, however, able to find incredible people doing wonderful work and yes, I can see myself and many of my friends really enthusiastic about personally engaging ourselves in our philanthropy and taking it very seriously and being very results driven. To many of us it is not a question of helping the less fortunate but a real effort to bring about change.

One thing that is really noticeable in Brazil, which is not mentioned in the article, is the lack of trust. The

consequence is that major donors prefer to operate their own philanthropic programmes rather than to invest in others. While none of my friends have taken their family philanthropy and changed it into a grantmaking foundation, I have noticed that next gens are more aware of the need to strengthen NGOs institutionally and are putting together foundations focused on this.

As to social enterprises, I am glad to report that they are rapidly gaining space in Brazil, microcredit leading the way. I went to a talk by Muhammad Yunus earlier this year, as

crowded and diverse as a good soccer final. The event was organized by the next gens section of a prominent Brazilian business federation, whose idea of social investment seems to be mainly to teach poor youth to do technical work for the industry, so the event shed some light into the tunnel.

In sum, although I could find some similarities, I would not reach the same conclusions as the article. It looks to me that we are in a much earlier stage of development in Brazil.

**I would not reach the same conclusions as the article. It looks to me that we are in a much earlier stage of development in Brazil.**

# Jessan Hutchison-Quillian Interview

Jessan Hutchison-Quillian doesn't need all the money he makes at Google, so he gives nearly half of it away each year – not just because he can, but because he feels he should. Here he explains the roots of his philanthropy and his commitment to funding social justice issues and community organizing. This interview is based on a Bolder Giving conversation with Jason Franklin<sup>1</sup> and a subsequent phone conversation with Caroline Hartnell.

## Can you tell me how you started giving?

My first gift was to the Human Rights Campaign. It was around the presidential elections of 2004 and there was a lot of anti-gay rhetoric. My parents are lesbians so this was upsetting and I wanted to do something about it. I thought, 'hey, if I give 30 bucks to this it'll totally solve it.' I've always had this idea that money is one way that you can help change things. Another of my early gifts was to help set up a teaching award in the name of a really great young professor I had who died of cancer – three bucks or something that got me on the donor list for my university for the rest of my life! I think that reflects two different aspects of giving that are common, both for me and for a lot of people. You give for your connections and you also give because of the change you want to see in the world.



**'I have become a volunteer leader, organizing other young people with wealth to do great things with their giving. I never imagined myself being this type of leader . . . I'm an engineer!'**

It was when I started at Google that I got more deeply into giving. It was already clear to me that I was making way more money than I needed and that I wanted to do something good with the rest. I have been very lucky: my parents have always given me the love and support I need, I've had enough to eat and a nice place to live. Others haven't been so lucky. But I didn't just want to address basic needs; I wanted to support progressive causes in the US in a way that would be transformative. I also wanted to give internationally because the US economy is based on

taking disproportionate resources from the rest of the world and I wanted to give something back. Another reason for getting more into giving at this point was that Google matches your donation up to \$6,000 per year, which I wanted to take advantage of.

## How did you decide what to give to?

It was a little overwhelming at first. I ended up giving to a lot of large organizations like the American Civil Liberties Union. With things like that, you're happy to give to them and it's a good place to start. I think the biggest influence on my thinking was actually a book called *The Revolution Will Not Be Funded*, which made me think that, instead of building a non-profit myself, I should support existing leaders, especially people from communities that are facing issues of injustice.

But I still felt pretty isolated and it wasn't until 2009 that I found an organization called Resource Generation, which made all the difference for me. Up to then, I thought that I was the only person in this position of being relatively young and having a good chunk of money to give. It was amazing for me to find that there was a whole community of people wanting to use their money to make progressive change.

I got involved in a local chapter in Seattle and we tried out a new model, the practice group, that's now become a national model. We meet for six months, and each month each person brings something that they're interested in and gets feedback from the group. That

## JESSAN HUTCHISON-QUILLIAN

Jessan Hutchison-Quillian was brought up in Seattle. In 2007, after graduating as a computer scientist at the age of 20, he went to work for Google. Realizing that his salary would be far in excess of his needs, he began to seek out progressive causes to give to. In 2009, he became involved with Resource Generation. Through Resource Generation, he found Social Justice Fund Northwest, and in 2010 he joined the first SJF Giving Project, a cross-class group of people who come together to fund organizing in the US North-west. He is now the engineer for Google's Corporate Social Responsibility Team, which aims to build a strong culture of giving at the organization.

was really powerful for all of us because it's very easy to sit on the money and not do anything. Letting go of resources is always hard. Seeing that other people are willing to give big amounts of money just made it feel a lot safer. I knew in my heart it was what I wanted to do, and I couldn't see how it would be a problem, but there's always that fear that you're being naive and you're going to regret it later.

### And you got involved in Social Justice Fund Northwest through Resource Generation?

I did. Resource Generation was great in that it got me moving more of the money but it was Social Justice Fund Northwest that really answered the question of where and how. As I see it, much wealth in the US has been accumulated through a history of injustice and patriarchy. So part of the money I have I don't really see as mine, but it has come to me and it's up to me to try to figure out how best to get it back to the people it belongs to, through organizations working on issues like racial and gender justice.

Social Justice Fund Northwest does exactly that. And their model of shared decision-making among donors and activists felt like a good fit for me. In 2010, I joined the first SJF Giving Project – a cross-class group of 15–20 people who come together to fund organizing in the north-west. We pool our money, fundraise to increase that amount, and then make grantmaking decisions together. Each of us contributed a 'stretch gift', more than felt initially comfortable, and I found great satisfaction in this. The amount of the gifts varies a lot, from \$100 to \$20,000, but it isn't the amount that necessarily feels good; it's pushing oneself to give more. We focus on supporting progressive organizing, which for me just makes sense. It's the combination of meeting people where they're at, meeting their needs, and helping them achieve their vision of the future.

### Is Social Justice Fund Northwest the main thing you donate to now?

Yes. Over a third of the money I give goes through them and perhaps another third through Grassroots International in Boston, which supports social movements globally. The final bit goes to organizations that support my passions or to groups my friends or family ask me to support.

**'My salary has continued to climb every year since I joined Google, and yet I live on \$36,000 and feel like I live a very comfortable life. My starting point was that my friends were making about \$36,000 a year. I lived with them so there was no reason why I needed more than that.'**

Photo on p1: Giving Project participants deepen their understanding and personal connection to the social justice movement through our political history. Each post-it represents a personal story corresponding to a significant historical event.

I also give with one of my moms, Nance. Early on in my time at Google, I asked her if I could pay her back for my college tuition or if she'd rather give away money with me. She picked giving, and so we made a plan to give away \$5,000 a year together for five years. That level of giving was new to her – and to me! It's been really fun. Both of us felt like education had played a critical role in our lives and so we decided we'd help other people get access to it. One of the organizations we've supported is called Seattle Young People's Project, which is really getting young people into organizing around the issues that are facing them. Something else we have supported is around people coming out of prison and taking post-secondary degrees, which helps with that transition and gives a lot of people hope that they haven't had before.

### How much of your income do you give?

About 40 per cent. My salary has continued to climb every year since I joined Google, and yet I live on \$36,000 and feel like I live a very comfortable life. My starting point was that my friends were making about \$36,000 a year. I lived with them so there was no reason why I needed more than that.

### Interest in areas like social enterprise and impact investing is widely said to be typical of young donors because it's more hands-on, but you have talked about supporting social justice funds, community organizing, etc. What do you feel about these other approaches?

I'm glad people are exploring new models. If it's getting people involved who otherwise wouldn't have been, or helping to shift the total amount that gets done, then I'm happy with it. That said, it seems like those areas are more approachable from the mainstream and I think that they are scaling pretty well because wealthy people understand them, so they have more access to more resources. Community organizing is so underfunded, and because I feel like I get it, I think that can be my niche. In the US, it receives 1 per cent or less of funding, yet I think it can have a huge impact.

As far as impact investing goes, I'd much rather see all the dollars sitting in foundations being invested in positive ways.

### What are the limits of giving and what it can achieve? Can philanthropy solve the world's problems? What are your views on the roles of tax and philanthropy?

I think that philanthropy is a part of solving the problems it addresses, and probably in some cases it creates new problems. But I think the same about

taxes. The government is just a group of people and a set of agreements and I can't imagine it ever really being able to meet people's needs. It's not that non-profits can replace government services, but potentially having a more decentralized, diverse and vibrant set of service providers might be a really great thing. Whereas taxation, for all that it is necessary and not much would work without it, has a negative feeling to it, giving is an active, engaged thing. But philanthropy is best done out of a recognition of interconnection rather than out of pity. One of the key things that just giving money can't do easily is to change the way we treat each other.

One of the things I'm interested in is whether we can scale up philanthropy and get a lot more people engaged, and what difference that would make. One of the critiques of philanthropy is that it can't solve social problems because its scale is so much smaller than that of taxes. One dollar from everyone in the US is \$300 million, but if everyone gave \$10 then we would have \$3 billion, which is a huge amount. And if everyone gave 10 per cent of their income, that's similar to taxes. So it really is about inspiring the belief that we actually can do something together.

But there is another angle, increasing taxes, which is one of the things that Resource Generation is pushing for. Taxing capital gains at the same rate as income just makes sense to me, and a tax on financial transactions might do a lot both to generate more revenue and to help stabilize our economy. So there are a lot of things that seem like no-brainers that we should definitely do on the tax side.

I think that there's also a third angle, which is how tax dollars are allocated. I can see that it would be hard to do, but making tax a little more like philanthropy, where you have more direct influence on where that money goes, is really promising because I think that people largely agree about values like wanting to see schools supported. So I see at least three very interesting angles for how we can help fund the critical needs of our country and our world.

### **I imagine some of the organizations you support will be campaigning for government to meet their needs?**

There are definitely areas where we need more government funding and probably public education is

**'A big part of what I'm trying to do is get that money back to the people who have been disenfranchised, to allow them to advocate whatever kind of changes they see need to be made. And if that doesn't match up with my vision of the world that's OK, too, because they're coming from a different place.'**

one. But I have a hard time imagining a world where the government can actually guarantee everything.

And it's not always about the state providing more; often it's about the state not causing more problems. A clear example right now is the US prison system. We're spending vast amounts of money incarcerating a huge number of people but because nothing is done to address underlying issues like addiction and disability, this often creates a negative cycle of further suffering and crime. Supporting community organizing work around the issue could accelerate much-needed change. So it's often about looking for changes in areas where helping to make people's lives better doesn't cost more. What I try to do is find people who don't have a fair say in the decision-making process and support their efforts to get a fairer process with better outcomes.

When I look at my money, I see a portion of it, as I said earlier, as coming from a history of slavery and from people in other countries being destabilized by US foreign policies. So a big part of what I'm trying to do is get that money back to the people who have been disenfranchised, to allow them to advocate whatever kind of changes they see need to be made. And if that doesn't match up with my vision of the world that's OK, too, because they're coming from a different place.

### **What sort of impact would you like to have made in ten years' time?**

I think that my impact as a philanthropist in the sense of the dollars I give is probably going to be very small compared with the impact I hope I'll have by engaging thousands of philanthropists. My goal is to get as many other people excited about giving as I can, especially my community of professionals who are making a lot but are not independently wealthy. I think there can be a false sense of scarcity, because we're all around other people who are making the same amount, and it's extremely freeing to be able to step back and realize, 'I actually have more than enough and can share it with other people.' I feel like I have this amazing secret that I want to share with more people: not only can you make other people's lives better, but you'll actually make your life better, through giving.

I was so moved by the change that being a part of Resource Generation made in my life that I have become a volunteer leader with them – organizing other young people with wealth to join us and to do great things with their giving. I never imagined myself being this type of leader... I'm an engineer! 

<sup>1</sup> To watch the whole interview, go to <https://plus.google.com/u/0/105197034462022449864/posts>

# Elianna Sabbag Moquette Interview

Though she comes from a philanthropic family, Elianna Sabbag Moquette sees herself more as a doer than a donor, spending her time, rather than money, in working for the causes she believes in. Having gained a thorough grounding in development work during her time at the Aga Khan Foundation, she is now moving away from grantmaking in the direction of support for social business. She tells Caroline Hartnell why.

## Can you tell me what form your family's philanthropy takes and what your role is?

There was an active culture of philanthropy in my family, which was all about doing and sharing. When we were small, Dad would take us to a foster home for street kids that he was supporting and Mum would talk about the bipolar women she was speaking with. There were donations, too, but it was much more about your values and how you live your life. Mum and I started to collaborate early on when I was president of the Student Council on the Campus Development Board, and after university we started working with Human Rights Watch. In fact, Mum was responsible for the launch of the Human Rights Watch committee in Geneva.

We also worked together to create GenevaWISE, along with my husband and a few other friends. We realized that many young people in the developing



**'The more we support socially minded businesses the more the demands placed on larger businesses to integrate social principles into the way that they operate will grow. This is our vision.'**

world, who actually live closest to development issues, don't have the opportunity to engage with the organizations in Geneva that are working to address them. So we created a fund and a system whereby we could give young people access to internships with Geneva-based NGOs and international organizations. About three or four years ago, Mum started Giving Women to help women in Geneva find their way in philanthropy.

What form does it take? It's what we actively do in our lives. Mum and I have also started a business, Step Up Advisory Group, which supports start-up and growth phase social enterprises, and tries to rally the investment community around impact investing. So I suppose we work with what we see as being needs and create institutions to help meet those needs.

## Has your family been involved in philanthropy for a number of generations?

Very much so. My maternal grandfather in particular was a big philanthropist. He was a dynamic, yet modest man who helped many individuals and causes throughout his life. As an influential figure within his community he felt he had

a responsibility to share his philanthropic giving as an example to encourage others to give. My father takes a similar position and when he finds organizations or initiatives he is inspired by, he tends to talk about them to everyone. Barefoot College is a case in point.

## What's the source of your family's wealth?

My mother's family was in shipping and my father has done various things, starting in banking and real estate. Mum and I are more responsible for the philanthropy now although Dad has always been supportive of what we are doing. He also involves us in social businesses or initiatives that he thinks would be relevant to our work.

## Do you see yourself as a next gen donor?

Not really. The word 'donor' doesn't resonate with me very strongly. When I started to think about what

### ELIANNA SABBAG MOQUETTE

Elianna Sabbag Moquette was born in Toronto, Canada into a family of active philanthropists. After completing degrees in anthropology, environmental studies and law, Elianna worked for the Aga Khan Foundation for five years. Subsequently, as president and co-founder of GenevaWISE, she has been working to improve access for young people in developing countries to internship opportunities in Geneva. As co-founder of Step Up Advisory Group, she supports start-up social enterprises and tries to galvanize impact investing. She also works with Giving Women, founded by her mother. In recognition of her commitment to philanthropy and socio-environmental impact, Elianna was selected as one of the founding members of the Young Global Shapers, Geneva Hub of the World Economic Forum.

I would do with my life, I couldn't think of doing anything that didn't have a sense of giving back or improving the world in one way or another, so I got involved in rural development with the Aga Khan Foundation. And now I'm moving to the next phase. So 'donor' doesn't really represent what I do, unless you consider it as donating my time, my expertise and my connections to building a better world.

As for giving money, I donate to Human Rights Watch and to a number of small charities and causes in Geneva and abroad, but I'm giving from my earnings, which are not large, so that's not the principal way that I give. The value that I can bring to philanthropy at this stage is really through my time, experience and network.

#### **If you had more control over the family's philanthropic money, would you see yourself doing things differently?**

I think we're evolving together and, as we do so, our values and our approach are becoming more and more aligned. So, for instance, as we become more active in impact investing, we are working together to see how we can influence the community to contribute more, though we both feel the continuing need for grants.

#### **So what is the biggest influence on your philanthropy?**

My parents are certainly an inspiration to me, but my work has also been a big influence. Working with the Aga Khan Foundation gave me the experience of being on the ground and seeing the reality of how development programmes are rolled out and what impact they have on people's lives, and that has been a strong influence. What I read and the ideas I come across through conferences and meetings keep me learning. I think that Mum and I are a great team, and I have learned so much from her example, but essentially we feed each other and develop together.

#### **Are there any areas where your ideas diverge?**

Not really, though Dad is keen to support medical research into cancer and blood diseases that have touched our family personally and Mum is particularly interested in education and women, while my interests are more in livelihood enhancement and finding market solutions to social and environmental problems. But in terms of general approaches, we tend to be aligned because we're evolving together.

#### **You mentioned Step Up Advisory Group, which you co-founded with your mother. Do you see social businesses, as opposed to NGOs, as the route to social change?**

I think there's a big role for social businesses, but I think there is also a need for NGOs. NGOs aren't



Eniware team demonstrating a portable sterilizer to nurses at Kibuli Hospital, Kampala, Uganda. Eniware is supported by Step Up.

always the most efficient way of achieving impact but they are important in facilitating change where a market solution

has not yet been found and sometimes facilitating the building of a market solution. But there are so many innovative solutions coming out of the social enterprise space that I would like to be a part of this transition. With Step Up, we've identified the gap in the start-up phase of social enterprises where there are a lot of innovators who may have a fantastic idea but not necessarily the business acumen or the network to take that idea to the next stage and create a sustainable business out of it.

We analyse the business and identify where the gaps are and help to fill them; we basically take them to a level of investment readiness. We then connect them with potential investors in Geneva and abroad.

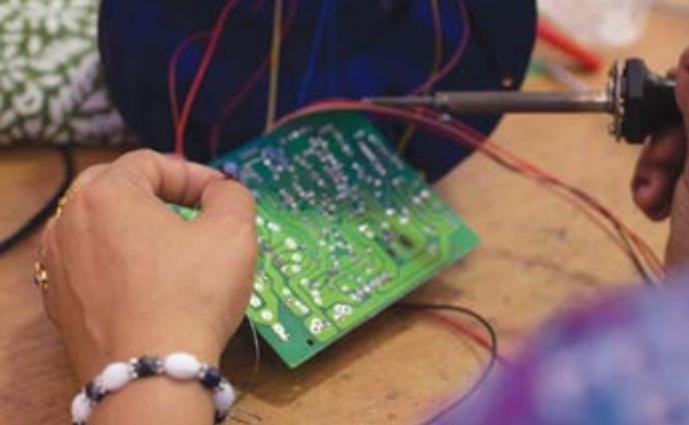
#### **Are there areas where there's never going to be a market-based solution?**

I couldn't say for sure, but it's hard to see how a market solution would defend the rights of those who don't have access to legal or political systems. But the more we support socially minded businesses and the more we reinforce the small and medium enterprises that are thinking about social innovations, the more the economic landscape will shift and the demands placed on larger businesses to integrate social principles into the way that they operate will grow. This is our vision.

#### **Many donors seem to be sceptical about NGOs' effectiveness and prefer to set up their own organizations. What do you feel about this?**

Having been on the inside, I know how hard it is to run an effective programme. There are definitely things that NGOs can learn from business, but there is also a lot that business can learn from NGOs.

I think what's interesting about the social enterprise landscape is that it is in a sense bringing together the two sides; the learning is a two-way street. In terms of monitoring and evaluating the impact of social enterprises, there's a lot to learn from the way that NGOs do it, for instance. And something like building capacity to produce quality educational programmes is difficult to do profitably, as it relies on subsidy and grants to do it effectively. So I think more



Barefoot College has been supported by Step Up and Giving Women.

communication would benefit both social businesses and NGOs. And it's starting to happen. For instance, a number of NGOs are starting parallel social businesses to help support their running costs and those businesses are being run efficiently.

### How important is it to be able to measure the impact of what you're doing?

I think it is important, both to be able to demonstrate an effective programme and also to know where you stand in terms of moving towards a specific goal. For me, measuring impact is first and foremost about working towards a set objective and having clear milestones for doing that. If you're not measuring you don't know how close you're getting to the goal. It is important to be able to rectify your approach if you are not achieving the outcomes you intended. I think measuring impact is as central to the success of social enterprises as it is for NGOs.

### You've already mentioned impact investing. What role do you see it playing?

I think there's a lot of interest among a relatively small group of people and institutions. I also think there are a lot of people doing impact investing who don't realize that's what they're doing. It's almost like an awakening, where one becomes much more aware of the broader impact of the investments one makes, and as that happens the potential for moving in a positive direction becomes greater. One of our motives in creating Step Up was to create more interest in impact investing on the part of traditional investors. It's still quite a niche area but impact investing has a lot of potential to really shift the way that investment and business is done.

### Is most of your family philanthropy directed to international causes?

Our focus is more international than local, but we do quite a lot locally in Geneva. Something like Giving Women combines both aspects. Although the projects mainly focus on the developing world, one of its goals is to improve the effectiveness of women philanthropists in Geneva.

### How does Giving Women work?

It's not just about giving money; it's about giving time and expertise to projects directed at women or founded by women. We evaluate projects that are submitted to Giving Women. Once a project has been selected, those members who are interested in it form a project circle and work towards some specific objectives that are set by the founder in collaboration with the project circle. I do a number of the evaluations. There's always a project circle leader – sometimes it's me – who will take the lead in convening the circle, organizing the meetings, setting out the objectives and ensuring they are met. Once they have been met, the project circle closes. So it's a finite involvement, with specific objectives.

### Do you feel that European donors should be a bit more vocal about what they do to encourage philanthropy more widely?

Yes, I do. I think that there would be great gains from more communication between foundations. European philanthropy, as I am aware of it, remains somewhat discreet in the way it goes about its work. I think it would be very beneficial to have more exchange, particularly on lessons learned on thematic issues. For the past couple of years, we've organized an event called The Club F, which brings together family offices that are focused on philanthropy, sharing lessons and experiences in order to further the impact that each of us is having. But there's a lot still to be done.

### Apart from sharing lessons, is there a need to encourage more people to get involved, as say the Giving Pledge does in the US?

I certainly think that being vocal and sharing with others what you're doing is a way of demonstrating your values to a larger community, which can then encourage others to do the same. It doesn't help to be quiet about it. I'm not saying that one needs to gloat or be boastful but I do think there's a value in being more public about giving.

### If we could go forward, say 50 or 60 years, what would you like to have achieved with your philanthropy?

I would like to see impact investing as much more mainstream. And I would like to see businesses globally held to account for the social and environmental impact they're having. I would like to see both impact investing and social businesses, by influencing investor behaviour, have an impact in terms of moving mainstream business in this direction. @

# Alex Buffett Rozek and Ellie Mudge Interview



Alex Buffett Rozek works in investment. He is heavily involved with the Learning by Giving Foundation and a trustee of his grandmother Doris Buffett's Sunshine Lady Foundation. He sees the key role of philanthropy as finding great people to support and doesn't practise impact investing. He is not, he insists, a philanthropist himself. Caroline Hartnell talked to him and to Ellie Mudge, Online Platform Director of the Learning by Giving Foundation, about how Learning by Giving operates and what his role is.

**I understand the Learning by Giving Foundation programme began as part of the Sunshine Lady Foundation in 2003. Where did the idea come from and why is supporting the development of philanthropy so important to you?**

**Alex:** The Sunshine Lady Foundation was started by my grandmother and it runs through what are called 'Sunbeams', basically friends and family that she relies on for help with finding ideas to fund. The Sunbeams would look at something that made an impression in a community, usually a community-based organization, and submit a proposal to the Sunshine Lady Foundation. Every

Sunbeam was given the opportunity to make grants worth up to \$10,000 a year.

In 2003, there was a version of the programme at Davidson College where five students had been selected as Sunbeams. One of the professors said that philanthropy and non-profit studies wasn't taught there. Given its importance, he thought it would be very worthwhile to teach undergraduates in finance and the sciences, to open their eyes to philanthropy and to give them the skills to do it. He suggested that, instead of giving \$5,000 each to five students, we could give \$10,000 to an entire class and encourage them to participate in the same type of careful thought and evaluation in the distribution of money as the Sunbeams do. So Learning by Giving was born. Ten years later, we have over 35 schools and we have just completed a massive open online course (MOOC). We thought that if we could encourage more credit courses at universities and colleges around the country, it would both expand the education on this important topic and at the same time distribute money.

**Could you tell me a bit more about the MOOC?**

**Ellie:** We began to realize that a lot of information was coming in but nothing was really scalable. So we decided to create a fully interactive website that allowed all the professors to upload all of their content. From there, we thought that, if we can create this online platform to share information, why not create an online course that would be available to everybody, not just to students in a bricks-and-mortar classroom.

**Alex:** Right. We had this concept that you could do it in a scalable way and reach a much broader audience. The mission of the foundation from day one was to expand education in philanthropy and non-profit studies and to distribute capital in communities where it can be used best. And I think the MOOC has an ability to do that on a scale that is really unprecedented.

**How does the MOOC course work?**

**Alex:** The actual classes can distribute \$10,000, with the supervision of the professor. Students elicit proposals from community organizations, develop their own system for analysing them, and then come together and set criteria for distributing the money. The challenge with the MOOC was to preserve as

## ALEX BUFFETT ROZEK

Alex Buffett Rozek, great-nephew of Warren Buffett, manages an investment partnership in Boston. He had his first experience of philanthropy through the Sunshine Lady Foundation, founded by his grandmother, Doris Buffett. From their experience developed the idea of the Learning by Giving Foundation, of which he is president and chairman of the board. Since it was set up in 2003, the foundation has developed very practical classroom-based courses in teaching philanthropy through funding community projects. In 2013, an online version – the MOOC – has been developed, which has opened up the course to potentially an unlimited number of users.

much of that experience as possible where there was no face-to-face interaction. With the MOOC, there's the opportunity to take the class as a *learner* – take the quizzes, participate and get a certificate if you complete a certain percentage of the class – or as a *giver*, which is much like taking part in our university and college classes. You submit an organization to be nominated, then you review your own submission against what you learn through the MOOC and you review others. Through that peer review process, we got over 700 nominations screened down to the top 40. From there, the recipients and amounts are decided.

#### Dealing with the proposals and deciding how the money is to be distributed sounds like a time-consuming process.

**Ellie:** Yes, the peer review process is the key because there's no way that we as the foundation could go through 700 proposals. We scaled it by making it part of the course. Students took what they had learned the week before and applied it to the process for reviewing their own nominations and the nominations of at least two of their peers.

#### How do the two of you work together in the foundation?

**Ellie:** We come up with what's working and what's not working, in terms of creating a usable platform for our students, both our MOOC students and our faculty state colleges and universities, and really try to oversee that whole process.

**Alex:** My full-time job is managing an investment partnership in Boston. This is a labour of passion; I made a commitment to my grandmother to continue to develop her programme. I think this could be a game changer as a way of distributing large amounts of money. What gets me excited about it is that small community-based organizations do not have access to capital in the same way that large organizations do. For givers, it's harder to do the analysis necessary to make thoughtful grants of \$10,000 or less to these community organizations, and they just don't do it. And it's not because it's not a good cause, or because there aren't good people running those organizations or because it wouldn't have the desired effect. The traditional method of making grants would necessitate hiring lots of people and creating big organizations

**What I've learned from the older generation, my grandmother's generation, is that they primarily view their role as finding great people to distribute the money and to do great things. Warren Buffett gave the money to the Gates Foundation because he thought that they would do an excellent job.**

to do all this work. We have a very big organization and the workforce is free. It is the students. They are motivated, they're passionate, they're intelligent, and they're encouraged and supported and supervised by some of the best faculty out there. Working together they can achieve fantastic results in the way they distribute the money.

#### Can I ask you, Alex, about your role as a trustee of the Sunshine Lady Foundation and, more generally, whether you would like to see your involvement in the family philanthropy develop further over time?

**Alex:** The family foundation is designed to give all the money out and then there will be no foundation. I think my grandmother is on record as saying she wants the last cheque to bounce. That's her goal, so when that last cheque bounces that will be the end of my role in that foundation.

#### But I assume that won't be for some time. In the meantime, do you see yourself becoming more involved in your role as a trustee in the family foundation?

**Alex:** I wouldn't be more or less involved than I am now. The programmes that the Sunshine Lady Foundation offers are run by incredibly capable and intelligent people and they are very defined in terms of their goals. We have board meetings and I speak to my grandmother more regularly about the different programmes she's working on. The money will continue to go to the causes and programmes she wants to support, so I don't think there will be much changing of direction or deepening of programmes. I will continue to be a trustee as long as I'm honoured to be asked to do so, but I don't see that role expanding materially. The reason she spun off the Learning by Giving Foundation was because she wanted me to focus my efforts on that. So if I were deepening my role, it would be by deepening it with Learning by Giving.

#### Do you see significant differences in attitude between you and other members of your generation in the family, in the causes you're interested in, for instance supporting social businesses rather than NGOs or wanting to be more hands-on?

**Alex:** Actually, I would invert that and say that I don't see differences but I see incredible similarities. The only differences might be the tools that we use. What I've learned from the older generation, my grandmother's generation, is that they primarily view their role as finding great people to distribute the money and to do great things. Warren Buffett [Alex's great-uncle], for instance, gave the money to the Gates Foundation because he thought that they would do an

excellent job. He also gave some money to his children's foundation and some to my grandmother's foundation. My grandmother, too, essentially outsources the work through the Sunbeams, and at the Learning by Giving Foundation, we outsource the work to students.

I'm not a philanthropist. I'm not giving any money away; it wasn't my money to give away. What I'm doing is creating a system. My grandmother always says, 'the younger generation has the time and energy and I've got the money. How can we work together?' That attitude is really the initial idea behind pretty much everything that we have done.

**Philanthropists nowadays seem increasingly to feel that donors know best, often wanting to set up their own organization rather than support an existing one. What do you feel about this?**

**Alex:** Anyone who wants to roll up their sleeves and get involved should be applauded. But if someone is passionate about 'xyz' cause and wants to start a non-profit to help it, it makes sense for them to see if there are existing groups working in the same area, towards a common goal, and if there is an opportunity to improve a specific link in an existing value chain rather than recreate the entire chain themselves. Our amazing students have studied organizations that popped up and essentially competed with existing outfits doing the same work, with no extra outcome. But where new organization 'A' says to existing organization 'B', 'Hey, let's work together', the outcome has been orders of magnitude greater.

**In your day job, you manage an investment partnership. Does your interest in philanthropy influence the way you do that? Are you interested in impact investing?**

**Alex:** It doesn't influence it in terms of influencing me to take one particular investment over another. Where it absolutely does influence me is in terms of giving me a broader set of tools to use when thinking about the businesses that we're partnering with, using web-based platforms, for instance, like we are using in our education system. That can be directly applicable to a number of other businesses in which we're engaged. But it doesn't in any way direct investments. When we're thinking about investments, we're not looking for a specific social impact.

**How important is it to be able to measure the impact of what you're doing? I'm thinking here about the Learning by Giving Foundation program and now the MOOC.**

**Ellie:** It's so important that we have actually created something called the Grant Map on our website that

shows where all the money distributed through our courses is going. You can see exactly who gets the money and how much and what their organization is about. You can also see the size of the organizations. We're not putting money into huge organizations. We're giving to much smaller organizations that, as Alex said, don't have as much access to money as some of the others do.

**Final question for Alex - do you see philanthropy as an integral part of your life, or do you see it as somehow separate?**

**Alex:** It's absolutely integrated into my life. My biggest epiphany, so to speak, from being involved with the foundation, and why I'm still thankful to have been involved, is that there are no silos in terms of how you think about the world. I think that had I just gone along focused entirely on my business, I would unquestionably have had a far narrower vision of the world and of the community that I live in and my place in it. There's no question that it's affected my perspective on everything – on what matters, what to spend my time on, how to think about the allocation of that most precious resource, which is time, and what you're really trying to accomplish.

You talk to private wealth managers and they say, 'We have a client who has worked in their family business their entire life. Now they've sold the business and want to do something meaningful with their money but they don't know what.' That pattern creates a lot of unnecessary problems, because they will potentially go out and hire someone to do the grantmaking or support something that probably already exists. You don't see those kinds of inefficiencies in the capitalist model because a business wouldn't survive, whereas with the non-profit sector it often seems like you can duplicate efforts in the exact same area, with the exact same desired goals, and there's no way of measuring outcomes for a very long period of time. There's no market base and also no reason to stop and wonder if you are duplicating something that's already out there.

If you offer people the opportunity to learn about this field earlier and to think about it critically, you will engage people much earlier. I've certainly been enriched by being engaged this early in my life. I know what I want to do with my philanthropic capital. I want to continue to support the projects that I'm working on right now. I love the people I work with and I see tangible results through the grants that are made and through the grant map. I think that there are a lot of other people that want to do that, too. @

## WORKING WITH YOUNG DONORS IN BRAZIL

# Seeking social impact through their businesses

Elaine Smith

**Though Brazil's rapid economic rise has made it the sixth largest economy by nominal GDP in the world, it is not a generous country in terms of philanthropy. What can we expect from the next generation of a country that has seen its affluence and its expectations increase so spectacularly? One clear trend is a preference on the part of the younger generation of donors to want to do things in a more integrated way, achieving social impact through their businesses rather than through philanthropy.**



**Elaine Smith** is director of Instituto Geração and a Young Global Leader from the World Economic Forum. Email [elaine@institutogeracao.org.br](mailto:elaine@institutogeracao.org.br)

Brazil is not a philanthropic country. A 2010 study by Child Fund Brasil and R Garber found that only 9 per cent of the population donated money. In 2011, a Charities Aid Foundation survey ranked Brazil 85th out of 153 countries in terms of individual donations. Some of this goes to the church or to causes related to religion. Few individuals donate to civil society organizations, most of whose funding comes from social investments by corporations or government partnerships in projects. Most wealthy families organize their social investment using corporate foundations, partly because it offers greater tax incentives than individual donations, partly because corporate social responsibility is favourably viewed.

However, there is no guarantee that the next generation will do the same. Often, they are not involved either with the family business or with the associated corporate foundation. The younger generation seem to want to do things in a more integrated way, through social businesses. Usually they are entrepreneurial by nature and social good plays an important role in their ventures. Impact investing (from the investor's perspective) and social business entrepreneurship (from the entrepreneur's perspective) are the buzzwords. A new way of doing business that involves not only creating but sharing value is almost a requirement among the new generation of wealthy individuals. Michael Porter and Mark Kramer's 'Creating Shared Value'<sup>1</sup> is often mentioned as first reading.

<sup>1</sup> <http://hbr.org/2011/01/the-big-idea-creating-shared-value>

'Through impact investing we can provoke a change of paradigms,' says Antonio Moraes of VOX Capital. 'The more I improve people's lives, the higher is my financial benefit (win-win). In a final stage this ideally leads to a new and more egalitarian capitalist system.'

From my experience of working with young donors through Instituto Geração, it seems that the new generation wants to change the world but in a different way. They want to work in a collaborative way and have fun; they want to be entrepreneurs, without bosses or time sheets. They want to create something that fulfils them and brings meaning to their lives.

The main areas of interest are housing, education, health and clean energy. Education in particular has caught the eye of the computer savvy and ranks among the favourite in discussions since it is likely to involve increasing use of technology, tapping the potential of online open courses and the ability to reach thousands at once.

Wealthy families, new or old, are in a position to fund these new ventures. In fact, it is usually high net worth individuals and wealthy families who are the early starters in alternative investments. Take the example of IT3Capital, a third-generation family fund that not only invests in social business companies directly but also in accelerators like Artemisia that support entrepreneurs by providing business education. 'We as investors must be open to ideas and therefore stimulate innovation that can be used to improve the lives of many,' says Luiza Nascimento.

If you think of philanthropy as the donation of funds, it would be naive to expect a major cultural change in Brazil in the next generation. However, what does seem to be under way is a change in mindset towards creating and sharing value through business rather than philanthropy. This is a conscious part of the business strategy. It goes beyond reducing negative impact and accruing social value incidentally through the activities of the business. In this way, funding that goes into the business and aims at social good will be seen as an investment, not as a cost. @

For more information

[www.institutogeracao.org.br](http://www.institutogeracao.org.br)

## WORKING WITH YOUNG DONORS IN EGYPT

# Helping to regain the Egypt they dream of

Marwa El-Daly

**‘There are those who give with joy . . . and that joy is their reward.’ These words of Khalil Gibran<sup>1</sup> describe a feeling shared by young and rising philanthropists in Egypt. The 25 February Revolution was a revolt by a remarkably young generation who demanded ‘Bread, Freedom and Social Justice’. Thirty-two per cent of Egyptians are under 14 and about 50 per cent under 24. It could never be expected that the 10 per cent or so over 55 could be the motor for positive change. Now young Egyptians are fighting for the means and the space to save Egypt.**



**Marwa El-Daly** is founder and chairperson of the board of trustees of Waqfeyat al Maadi Community Foundation. Email [mdaly@aucegypt.edu](mailto:mdaly@aucegypt.edu)

Waqfeyat al Maadi Community Foundation (WMCF) is one example of this wave of young philanthropists seeking change through a different approach. Started with contributions from its founders and board members to set the model of the first community foundation in Egypt, most of its funding is local and comes from people in their twenties and thirties and from teenage philanthropists who want to bridge the gap between rich and poor in their community.

Egyptians are generous givers; 62 per cent of the population gives annually. The last national study on philanthropy<sup>2</sup> showed giving of around US\$1 billion, a per capita share higher than that of foreign economic assistance to Egypt. However, little money is spent to drive real change because most of it is consumed by direct charity. Egypt’s young philanthropists want to respond to root causes rather than dealing with symptoms. This is why WMCF developed the Youth Engagement Programme (YEP), most of whose leaders are philanthropists of 14 years or a little over who want to give their own money and fundraise from their family and friends to fund small businesses for impoverished families, instead of giving them food.

The root of WMCF is the concept of *waqf*, a traditional foundation form in Egypt that seeks sustainability of funding to guarantee that development work will go on beyond the givers’ lives. For centuries *waqf* paid bird food distributors to feed birds, ensured street dogs found shelter, strangers received free accommodation, and road dwellers could drink from the *sabeel* (public

water fountains) and eat in soup kitchens. In essence, all public schools and universities were financed by civic *waqf*. However, over the years the government steadily took over the *waqf* system until, in the 1950s with the rise of socialism, the *waqf* came fully under government supervision. It is the older, civic basis of the *waqf* that young Egyptian donors want to restore.

The young philanthropists at WMCF are often torn between giving to charity, as poverty and the lack of good free health services threaten the lives of many people, and their desire to respond to the root causes of poverty and to empower people to help themselves. Therefore, WMCF engages them with a mixed approach that allows them to support people through providing funds for job creation while making sure that these people as ‘business partners’ enjoy a safety net when they are sick or in serious trouble. Every year, young philanthropists from 14 up invest in around 200 small businesses through micro- or zero-interest loans. In addition to providing funds, they engage with the funded project. One example is a philanthropist in her twenties who started a small workshop for three orphan girls who made T-shirts out of cotton waste. Within a year, the lives of these three girls had completely changed. They had become financially independent providers of cheap clothes in their neighbourhood. Another good example is Am Fathy or ‘Uncle Fathy’. Once a community leader and the owner of a supermarket in a very disadvantaged area, he contracted an eye disease and became blind and bankrupt. WMCF funded a costly eye operation to enable him to regain his sight and also gave him a zero-interest loan. Meanwhile, young donors, who are benefiting from art courses of the Khan el Fenoun Art & Culture Center at WMCF, have raised money to allow Am Fathy to open his supermarket after his recovery. The joy of this young generation of philanthropists is not the immediate joy of giving, but of seeing people rise up in dignity and freedom.

The legal environment remains a major constraint. The new constitution needs to recognize that institutions like the *waqf* should be managed by civil society and CSO law needs to be written in a spirit that encourages trust and allows the civic sector to grow. Business approaches and ‘business unusual’ would allow young Egyptian philanthropists to find the space they demand in helping to regain the Egypt they dream of. @

#### For more information

[www.alwaqfeya.org](http://www.alwaqfeya.org)  
[www.facebook.com/groups/Waqfeyat.al.Maadi.CF/](https://www.facebook.com/groups/Waqfeyat.al.Maadi.CF/)  
[www.facebook.com/waqfeyatalmaadi](https://www.facebook.com/waqfeyatalmaadi)

<sup>1</sup> Khalil Gibran, Arab artist, poet and writer, 1883–1931.

<sup>2</sup> Marwa El-Daly (2010) *Challenges and Potentials of Channeling Local Philanthropy towards Development and Social Justice and the Role of Waqf (Islamic and Arab-Civic Endowments) in Building Community Foundations* Doctoral Thesis: Humboldt University zu Berlin.

## WORKING WITH YOUNG DONORS IN SOUTH AFRICA

# Out with the old, in with the new

Amanda Bloch

Philanthropy seems to be the buzzword in South Africa at the moment. It has always happened, but over the last decade it seems to have gained in prominence across cultures and income groups. Its definition has also broadened: traditionally seen as the benevolence of the rich to address the ills of the poor and marginalized, philanthropy is now considered as embracing everything from traditional private philanthropic models such as family trusts and foundations, wealthy people who give on an ad hoc basis, and giving by newly wealthy people arising from family and community responsibility (which often supports entire communities) to social entrepreneurship and impact investing.



**Amanda Bloch** is a philanthropy consultant to Inyathelo: The South African Institute for Advancement and a member and coordinator of the Private Philanthropy Circle. Email [Amanda@inyathelo.co.za](mailto:Amanda@inyathelo.co.za)

I am not sure that I fit into the category of old generation or next as I have just turned 40; perhaps current generation would be a better definition. But I grapple with this 'new' view of philanthropy.

As coordinator of a network of fellow philanthropists of all ages through Inyathelo's Private Philanthropy Circle of South Africa,<sup>1</sup> I have noticed some desire among new generation philanthropists to give up old practices and embrace new ideologies and systems. As they move into active roles in family foundations, they are eager to steer the foundations towards newer models such as impact investing, social enterprise support and soft loans. Younger philanthropists also tend to be very focused on outcomes and returns on investments based on intensive monitoring and evaluation. There is nothing wrong with this in principle, but the big question is who will do it and who will cover the cost.

In family foundations, this new wave seems still to be tempered by the presence of older generations who are interested purely in social returns and base their giving on relationships cultivated sometimes over decades. This relationship building is often lost among the younger generations, yet it allows for an understanding of the human element in the equation, which in turn allows for resilience. In their pursuit of newer, so-called innovative models of philanthropy, there is an underlying belief that business can save the world. In my opinion, this is simply not the case.

As is always the case, areas of interest differ from generation to generation. At the moment, there is a strong

movement towards activism and active involvement. Young philanthropists are, after all, young South African citizens, many of whom are angry and disillusioned by what democracy has not delivered. These givers want to express that through support of social justice initiatives.

Currently, our young members are very keen on addressing issues in the education sector, which includes the social justice aspects of education as well as new and innovative models like low-fee private schools that run like a business. Moreover, they don't want to be cheque-book givers, they want to be actively involved in the organizations they support – with both positive and negative repercussions.

What is also clear from our group is that young givers want to learn from their peers and to share their knowledge. The Private Philanthropy Circle was convened in response to a call from the current and new generations to bring together local foundations and philanthropists in a loose network. Philanthropists are by nature private and tend to operate in silos. When the Circle first formed, there was little or no collaboration between philanthropists, despite there being significant alignment among them in terms of both their objectives and the sectors they wanted to support. Giving was discussed behind closed doors and was often anonymous. Peer-to-peer discussions around what individuals were doing were almost non-existent. It was almost impossible for potential beneficiaries to find the givers let alone build a relationship with them.

Over the last three years there has been, along with the peer learning and the comfort of an open forum for transparent private dialogue, a great deal of collaboration and partnership. Largely driven by the new generation, this in turn has delivered some innovative solutions, with results that were not previously possible.

Stakeholder engagement, peer learning, knowledge sharing, collaboration, active involvement, embracing new opportunities, avenues and models; these are all qualities that in my opinion define the next generation of philanthropists. @

#### For more information

[www.inyathelo.org.za/the-private-philanthropy-circle.html](http://www.inyathelo.org.za/the-private-philanthropy-circle.html)

<sup>1</sup> The Circle includes private philanthropists of all ages. Membership is not open to corporate foundations or

foundations created through other institutions and organizations.

## WORKING WITH YOUNG DONORS IN INDIA

# Talking about their philanthropy

Neeta Saraogi

In India, philanthropy has traditionally been the forte of older people, something they thought about towards the end of their working lives, often closely interwoven with their religious and spiritual life. The picture has, however, changed rather rapidly in recent years and we have increasingly seen philanthropy among younger people. We have also noticed that this younger generation of givers do things very differently and 'strategic philanthropy' comes more naturally to them.



Neeta Saraogi works with the Indian Philanthropy Forum at Dasra. Email [neeta@dasra.org](mailto:neeta@dasra.org)

### When do they start giving?

This next generation of givers comprises both heirs to family wealth and successful professionals and self-made entrepreneurs. The primary difference between these next gen philanthropists and their older counterparts is in the way they think about philanthropy: while earlier generations waited till they were settled in their careers and families and had amassed a certain amount of wealth, the younger generation does not identify philanthropic giving with a phase or stage of their lives, but rather as a continuum. Philanthropy forms part of their basic values system and they increasingly see it as their way of participating in the community and making a difference.

While many of the larger donors Dasra works with may be older, most members of the Dasra Giving Circles belong to this next generation, often in their forties. They find in these a way to experiment, to find what really excites them before they make larger and longer-term commitments to specific organizations.

### Who are the beneficiaries?

Next gen philanthropists are more likely to approach philanthropy in the same way they would approach investments. They research issues to understand them better and use professional advisers to help them with due diligence before deciding which organizations to support. They are also likely to shun traditional recipients such as local religious bodies or causes related only to their community, and are less likely to set up their own projects. They are looking for high-quality non-profits to provide a philanthropic return on their investments, and they want to understand and monitor how those non-profits use the funds.

One interesting trend of recent years is the move away from programmatic funding. Concerns used to centre on how much of the funding reached the ultimate beneficiary and how high the organizational overheads were. However, younger philanthropists understand the importance of building organizations that will achieve larger scale and impact. This is perhaps yet another positive aspect of their treating philanthropy as any other investment that they make, where the outlook is decidedly more strategic and longer term.

### How do they give?

Next gen philanthropists are very hands-on and like to be involved closely with the causes they choose to support. They like to be part of the projects and processes of the organizations they support. Increasingly, young inheritors of family wealth are trying to find newer, more strategic avenues to direct philanthropic funding into. Professionals too, start early, even if it is with smaller amounts, learning from that experience to give better and smarter. Another important trend is the willingness to collaborate. India's social issues are large and complex and require large amounts of funds and effort to solve, and only by collaborating and bringing the power of their networks together can philanthropists create meaningful change. Once again, Dasra Giving Circles provide the perfect avenue to find like-minded people, pool resources and support leading non-profits to scale.

### Giving as a couple

An emerging global trend is for people to give as couples or after their weddings and it's one that's catching on fast in India. At least two couples from our giving circles chose to give away what they would have received as wedding gifts. Some couples say their joint philanthropy is one of their most meaningful shared experiences. Giving together often also helps build bridges across generations or between siblings.

Finally, next gen donors differ greatly from their parents' generation in talking about their philanthropy. Where their parents were silent on the subject, younger generations feel the responsibility to advocate for change, garner support from their friends and peers, and play a more active role in improving our society. This is critical to change in Indian philanthropy. The younger generation seem to be writing an entirely new dialogue around philanthropy and poised to take it to the next level. @

### For more information

[www.dasra.org/ipf](http://www.dasra.org/ipf)  
[www.dasra.org/Dasra-Giving-Circles](http://www.dasra.org/Dasra-Giving-Circles)

## WORKING WITH YOUNG DONORS IN THE US

# Going all out for social change

Jessie Spector

Since 2008, I've been helping wealthy young people leverage their resources and privilege for social change at the US non-profit Resource Generation. One of the clearest trends I've seen as I have organized my peers over the last five years is that young donors want to do more than just give to their local soup kitchen. We want to fund the kind of work that looks at root causes and asks why people are hungry. We are interested in understanding the structural causes behind the issues we care about and finding new ways to support systems-level change.



Jessie Spector is executive director of Resource Generation. Email [Jessie@resourcegeneration.org](mailto:Jessie@resourcegeneration.org)

Because of this focus, young donors are both excited about philanthropy and aware of its limits. My generation has come of age in an economy where it's harder and harder for most people to get by, and government cutbacks continue to dismantle protections from poverty. Young donors are deeply aware of the fact that the richest 10 per cent of Americans control two-thirds of the country's net worth, and that for every dollar the average white family owns, the average family of colour has less than ten cents.<sup>1</sup> We realize that it's going to take more than voluntary charitable acts to change this situation. So we want to be strategic about using our resources and privilege to push for institutional change on a local, national and even global level.

One of these strategies has been joining the call to raise taxes on the top 10 per cent. Members of Resource Generation's Tax Justice Campaign have been organizing and speaking out publicly as young people with wealth, advocating for changes like an increased capital gains and dividends tax. We see fighting for higher taxes for ourselves and our families as a way to help structurally ensure that wealth does not stay concentrated in the hands of the few, something that voluntary philanthropy can't accomplish on its own.

Another trend I've seen is a growing commitment to building real partnerships with grantees. We are hoping to learn from the groups we support, to spend time listening to what community members need instead of using our philanthropic power to set the agenda. We want to do more than just write a cheque or read a long report; we want to explore new ways to leverage our resources and access in collaboration with the communities we fund.

This commitment to partnership has also opened up questions about how philanthropic decisions are made and who has the power to make them. Young donors are pushing for more transparency around decision-making; instead of closed-door funder meetings, we are creating dynamic conversations with community members and grantees. We believe that a diversity of voices at the table leads to better, more informed decisions.

Many Resource Generation members are joining giving circles at foundations like Social Justice Fund Northwest or North Star Fund, where they can be part of a cross-class grantmaking process guided by community representatives. Young people with family foundations are also engaging their family members and advisers in dialogues about decision-making and power dynamics, using tools from organizations like 21/64 to help facilitate challenging conversations.

One trend I have been particularly inspired by is the way young donors are thinking about investing and security. We are looking for ways to utilize all our assets for social change, not just individual donations or 5 per cent of our foundation's funds. This means educating ourselves about how our assets are invested and getting more involved in our financial decisions instead of leaving it all up to money managers. For the last two years, Resource Generation has been working together with Confluence Philanthropy on our Next Generation Fellowship in Mission-Related Investing, helping participants find new ways to catalyse their investments in alignment with their values.

For these young donors, creating change is an important part of how they calculate their return on investment. As Resource Generation member Margot Seigle, who was recently featured in a *New York Times* article on younger generations' approach to investing, explains, 'What's important to me is I'm investing my money in communities and in people. If I lose some money in that but people are getting paid great wages, great.'<sup>2</sup> @

#### For more information

[www.resourcegeneration.org](http://www.resourcegeneration.org)

<sup>1</sup> From Mother Jones ([www.motherjones.com/politics/2011/02/income-inequality-in-america-chart-graph](http://www.motherjones.com/politics/2011/02/income-inequality-in-america-chart-graph)) and United for a Fair Economy's *Color of Wealth*.

<sup>2</sup> [www.nytimes.com/2013/09/21/your-money/younger-investors-approach-to-investing.html](http://www.nytimes.com/2013/09/21/your-money/younger-investors-approach-to-investing.html)

## WORKING WITH YOUNG DONORS IN EUROPE

# What's next for next gens?

Lea Buck

**'The group dynamic was amazing. Right from the start there was an atmosphere in which we felt comfortable to share our ideas and concerns with each other.'** This comment on Active Philanthropy's latest workshop for next gen donors echoes the feedback from various European events for younger family members and indicates the relevance of dedicated programmes for the next generation. However, there are only a couple of programmes in Europe for young donors that focus explicitly on philanthropy and social investment topics. In fact, most programmes cover a wider range of business topics or family philanthropy as a whole.



Lea Buck is project manager at Active Philanthropy. Email buck@activephilanthropy.org

The challenge when working with young donors is to identify both the right content and the right format. Many next gens are reluctant to commit themselves for longer time periods. At Active Philanthropy we therefore discussed different ideas (giving circles, traineeships, journeys) before deciding to go for a rather open design of workshops twice a year in small groups. All participants at the kick-off workshop 'From Charity to Business' in June 2013 in Berlin enjoyed the opportunity to share their experiences, questions and ideas in a group of like-minded young people.

WISE – philanthropy advisors is one of the few European organizations offering services for young donors (in addition to family philanthropy services, which they also have). The aim of WISE's Next Generation field trips is to have a transformational effect. 'We want to help them to go out of their comfort zone while coaching them on this,' says Etienne Eichenberger, co-founder and managing partner of WISE. He also sees a difference between members of families that still run a business and those that have sold. Whereas the latter group might focus on ways to invest their assets (both financially and socially),

the former are often more concerned with ideas to combine social and business expectations and with finding their own future role within the company.

The Institute for Philanthropy runs two-day workshops in partnership with the US-based Redwoods Initiative 'to guide the younger generation of philanthropists as they engage in their personal, business or family philanthropy'. The Institute has offices in London and New York and offers the workshops in various regions in both countries.

Several banks, family business networks and institutes as well as universities offer events for younger family members.<sup>1</sup> Most of these programmes integrate next generation activities into a wider context. 'Engaging the next generation in philanthropy is often a key part of wealth succession and how families think about legacy,' says Lenka Setkova, director at Coutts. In her experience, young family members sometimes take the lead in shaping the strategy of a family foundation. Coutts also hosts educational events exclusively for the younger generation. For example, the week-long Future Leader Programme includes at least half a day focused on philanthropy.

The Family Business Network (FBN), an international network run by family businesses, also integrates philanthropy in its activities for young family members, in particular through its Social Entrepreneurship Day in cooperation with Ashoka. The day was initiated by Julia Hieber, who, as director of the Wendel International Centre for Family Enterprise, also set up the SEPA workshop at the Insead Family Centre Business School. SEPA is designed to help family businesses gain a better understanding of social entrepreneurship and philanthropy and to develop their own strategies in these fields.

All programmes and initiatives with a pan-European reach have a focus on exchange – either among peers or within the family. These approaches should be seen as complementary. While there is a clear desire to have a space for peer exchange, as young family members face special questions and challenges that often can't be addressed in traditional donor education programmes or in the family, the younger generation appreciate opportunities to develop their ideas and aspirations as a family and integrate each individual family dynamic into these processes. @

<sup>1</sup> Due to the limited space this is only a snapshot illustrating various approaches; it does not cover all providers. There are also European families and

family offices that organize programmes for their young family members. These events are usually not open to people outside the family.

## A SELECTION OF EUROPEAN ORGANIZATIONS THAT WORK WITH YOUNG DONORS

- ▶ Active Philanthropy, Germany
- ▶ WISE – philanthropy advisors, Switzerland
- ▶ Institute for Philanthropy, London and New York
- ▶ Coutts private bank: Future Leader Programme
- ▶ Family Business Network: Social Entrepreneurship Day
- ▶ Insead Family Centre Business School: SEPA

# A new approach to funding youth climate action

Winnie Asiti and Peter Kostishack

With a 20-year history of grassroots grantmaking, Global Greengrants Fund has learned that young people have a big-picture understanding of issues facing their communities but frequently lack access to funding and the capacity and confidence to secure the limited resources available. To help overcome this, Greengrants has set up the Next Generation Climate Board, comprising five leaders from Africa, Asia, Latin America and the Middle East, all in their twenties, to develop a grantmaking programme focused on youth-driven, grassroots climate action and policy.



Winnie Asiti is an adviser on GGF's Next Generation Climate Board and to the African Youth Initiative on Climate Change. Email [w\\_asiti@yahoo.com](mailto:w_asiti@yahoo.com)



Peter Kostishack is director of programs at Global Greengrants Fund. Email [peter@greengrants.org](mailto:peter@greengrants.org)

Photo on p1: Kitulectivo members cycled over 3,500 kilometres through Ecuador to encourage leaders to do more about climate change. XIMENA PALTÁN OBREGÓN, CLIMACLEANDO 2013

Young people across the world have created community groups and built national, regional and global networks. This work has led to a powerful constituency of Youth Non-Governmental Organizations (YOUNGO). This has been active in the global negotiations of the UN Framework Convention on Climate Change and engaged with the Secretariat, state delegations and other stakeholders to urge world leaders to decisively combat climate change.

This global influence is rooted in grassroots organizations that coordinate between countries and come together for international days of climate action, such as those organized by 350.org, and in networks, such as the African Youth Initiative on Climate Change. With small amounts of funding, these groups can accomplish impressive things. An example is the Njombe Youth Group in the southern highlands of Tanzania, a region where increased temperature and rain shortfalls have crippled agricultural livelihoods. Through networking and with the help of a small grant, these young people have gained the skills and confidence to engage in dialogue with local leaders and influence local policy on climate change mitigation and deforestation.

## A new generation of grantmakers

Global Greengrants Fund is built on a model that puts local environmental leaders and activists in charge of grantmaking decisions. Our grants are small – most are less than \$5,000 – and they reach local grassroots organizations in more than 90 countries. To operate at this scale, we rely on a global network of volunteer advisers to develop grantmaking strategies in their

regions. They identify prospective grantees, make decisions about which groups and activities to support, mentor and support the groups that receive funding, and help us understand what happened as a result of our funding.

A couple of years ago, when we thought about how best to expand our climate change grantmaking to support the global youth climate movement, we knew that we wanted the grantmaking to be led by young people who were insiders in that movement and who could connect us with some of the most exciting work happening around the world. So we put together a Next Generation Climate Board of young environmental activist leaders. Although most international grantmaking to youth groups is directed by professional philanthropists, we feel that leaders from within youth movements can make the most strategic decisions about how to distribute resources for youth-led activity. We also believe there is great value for young activists in gaining experience as grantmakers and understanding the role that financial resources play in effecting social change. As their careers evolve, they will then carry forward lessons on how to support grassroots action.

## Grantmaking priorities

Advisers on the Next Generation Climate Board have prioritized grantmaking to youth-led groups that are underfunded or have limited access to funding but are doing meaningful work. We have set out to identify groups that would truly benefit, create an impact and grow from the small grants we give out. An example is a grant to the Iraqi chapter of the Arab Youth Climate Movement, which has successfully advocated for a ban on leaded gasoline in Iraq. In a country emerging from war, funding for such youth activities is immensely hard to find.

Our strategy also recognizes that the diversity of interests and activities of today's young people is a key asset in achieving social change. Nearly all of our youth grantees reach beyond simply raising the alarm about climate change and reframe the issue, connecting it to other societal issues such as health, disaster prevention, waste management, job creation, local politics and cultural preservation. Grantees often incorporate art, music, film and multimedia productions into their grant proposals – a fusion of social change with shaping cultural norms.

One example is a grant to Kitulectivo, a new youth group in Ecuador, so that its members could cycle over 3,500 kilometres through Ecuador's coastal, Andean

and Amazonian regions to draw attention to the efforts young people are taking to address climate change and encourage leaders to do more. Another grant funded indigenous young people in the Cordillera region of the Philippines to organize cultural festivals and immersion exchanges bringing urban indigenous youth back to rural communities to meet with elders. The aim was to build intergenerational awareness of the impact of climate change on indigenous culture and the solutions offered by traditional knowledge.

Integrated, creative projects like these ground the challenge of climate change, fit it squarely into the daily concerns of young people, and mobilize them to more actively engage with a problem that would otherwise seem remote and unassailable at the local level.

While social media use is geographically constrained by electricity and internet connectivity, youth around the world have been especially quick to adopt tools such as Twitter, YouTube, Facebook, email and blogs to reach other young people. Many of our grants have helped young people document and share stories and images related to climate change – and to use those to compel politicians to address climate change in their region. To this end, a small grant enabled the United Arab Emirates chapter of the Arab Youth Climate Movement to launch a social media competition for young people to propose creative climate change solutions.

#### **What difference has the Next Generation Climate Board made?**

Youth advisers have helped Global Greengrants Fund better understand where youth-led organizations are coming from, the challenges they face, and where we need to make changes to traditional grantmaking models and expectations. One challenge we grapple with is that most young people can articulate their goals better verbally than in a written proposal. Advisers find themselves following up with applicants by telephone or email in order to fully understand the ideas or concepts they are proposing.

We also find that many youth-led groups, because of a limited track record, focus their proposals on the activities to be carried out but have trouble envisaging the outcomes. As social change grantmakers, we want to see our funds engaging people in advocacy

**While youthful decision-making may be considered too risky for car insurers and public health campaigns, it could be the secret for great innovation in social change philanthropy.**

and building capacity, but this can be hard to extrapolate from proposals that centre on tree planting or eco-briquette making. We make sure the groups incorporate strong advocacy and mobilization objectives even when projects emphasize livelihood and income activities. We also know that youth groups experience regular turnover in personnel as leaders move on, so we consider carefully how groups ensure continuity in their mission and programmes.

Young people's organizations are also at a disadvantage when it comes to joining networks. They are often not taken seriously and must work hard to earn the recognition and respect of more established groups. This was the case for Young Potential Group, a small Kenyan organization in Nairobi's low-income areas, whose work on climate change stands out in a place where most initiatives focus on health, education and livelihood projects. However, their reputation is unknown to established environmental groups and we have had to go beyond our funding role to help them make some of these connections.

#### **A replicable experiment**

We are eager to share our experience of involving next generation activists in grantmaking because we want to encourage other funders to think about how they can incorporate advice from young people in their work. A main reason for trying this is to bring in new perspective to grantmaking. This difference in perspective stems not only from the changes in outlook we experience at different stages in life but also from the neuro-biological changes that occur in our mid to late twenties which, according to research, change the way we calculate risk. While youthful decision-making may be considered too risky for car insurers and public health campaigns, it could be the secret for great innovation in social change philanthropy. We also believe that involving young people in philanthropy increases access to funding for other young people because they are better able to see the needs, challenges and potential of their peers.

From the original Earth Day movement in the United States to the more recent emergence of the grassroots environmental movement in China, led by more than 1,300 student organizations, young people have demonstrated how much they can change society with remarkably little in the way of outside resources. Even modest investment in their ideas, organization and leadership development can yield great returns. [@](#)

# Will next gens become impact investors?

Julia Balandina Jaquier

Are young wealth holders more likely than previous generations to be involved in impact investing? Based on my experience of working with them, first while researching and writing the *Guide to Impact Investing for Family Offices and High Net Worth Individuals*<sup>1</sup> and then through consulting and training, the answer is a definite 'yes'.



Julia Balandina Jaquier is an independent impact investment expert. She advises global families, private foundations, banks and the Swiss government. Email [julia@bjconsult.com](mailto:julia@bjconsult.com)

Next gens are more widely travelled and globally connected than previous generations, which creates both greater awareness about social problems and a desire to contribute creative solutions. As one put it: *'In the end we are just a subset of a generation which is more conscious of social and environmental problems and more engaged in finding the solutions.'* Impact investing is also much more developed now than it was 20 years ago. A variety of investment opportunities are available across themes, asset classes, geographies and risk/return profiles, which means a strategy can always be created to fit an individual investor's objectives and circumstances.

## What attracts next gens to impact investing?

Based on my experience, the following seem to be the most common drivers:

- ▶ **Desire to catalyse sustainable change and not create dependency** Many young wealth holders do not believe in traditional grant-based philanthropy. They want to bring measurable and lasting change. *'Charity does not work,'* I often hear. *'I want my money to move a needle, to make a meaningful and concrete contribution.'* Impact investing attracts them through its focus on addressing the root causes of problems, supporting 'self-help solutions' rather than handouts, and the measurability of impact.
- ▶ **Wealth generators' and business families' belief in business solutions and willingness to roll up their sleeves** Many next gens, especially wealth generators or those from business families, believe that innovative, entrepreneurial businesses with a social mission can solve some problems better than NGOs. They often feel an affinity with social entrepreneurs and are keen to

use not just their money but also their experience, talents and networks to help these businesses succeed. *'Helping people in a more entrepreneurial manner – that fits my background, my strengths and that's what I like as well,'* says one.

- ▶ **More holistic approach to life** The current generation of young wealth holders are generally more open, connected and transparent. *'We want more coherence between all parts of our lives, to have one consistent public persona,'* says one. Another concurs: *'We think it is useless to get one hand dirty and wash it with another hand; we cannot support hypocrisy in running a family business that does not pay a living wage and then having a family foundation fund poverty projects.'*
- ▶ **Being at peace with their wealth and finding their role in society** Involvement in impact investing *'has taken away the feeling of guilt for being wealthy,'* says one young wealth holder. *'I am happy to sustain my wealth now and I feel proud of it because I can use it to make a difference.'* Another, investing in social enterprises, observes: *'Becoming part of this community helped me to feel productive, to find myself.'*
- ▶ **Doing good but not squandering wealth** The fact that impact investing can protect and even increase wealth attracts inheritors who may feel a responsibility to preserve their wealth but at the same time want to use it to make a difference. *'It allows us to have a purpose, a real engagement with the world, without appearing indulgent and wasteful.'*
- ▶ **A particular appeal for women** Impact investing appeals especially to women, who are traditionally less involved in investing and often intimidated by wealth advisers because of their lack of investment experience. The idea of driving positive change through investments helps them overcome this.
- ▶ **It is fun** Like most young people, next gens are attracted to what is 'cool' and 'fun'. Impact investment *'is exciting because you need to take on a greater challenge, in an area that is new, and you can be a pioneer.'*

An additional 'perk' of impact investing is that the experience it brings often helps next gens gain the respect of the family elders, leading to greater responsibility within the family (business) hierarchy.

## Are the above trends universal?

Having written the above, I wondered: 'What if I am biased, having dealt primarily with next gens who were already interested in impact investing? What if the others don't care about impact investing at all?' ▶

## Will next gens become impact investors?

The following week, I attended the Annual Reunion of Young Investors Organization (YIO) in Berlin, which brought together over 160 next gens from around the world. YIO does not have a specific focus on philanthropy or impact investing and can therefore be considered an unbiased sample. Below are some observations from that reunion.

**Doing good, but in a different way**

Over dinner one night, and without prompting, a Mexican wealth holder who runs the real estate branch of the family business said that at some point he would like to do something beyond making money. Would he start a foundation? No. His way to help 'will not be through grants but rather by creating jobs'. Like many next gens, he does not like the dependency and inequality that

grants create; he wants to be an ally, a partner. The next day another YIO from the Middle East spoke of his family's disillusionment with traditional charity: 'We give to the same people year after year and they keep coming back... we just make them dependent on our donations. Social investment could be a better way of helping.'

**Significant interest in impact investing**

During a panel on impact investing, the moderator asked those who were interested in the idea to raise their hands – and most did. In fact, one YIO, who asked why the banks don't do more in this area in spite of their private clients' interest, had come to the reunion specifically because impact investing was on the agenda. While for many YIOs impact investing was a relatively new area, the concept of combining a financial return and social impact appealed to many, as shown by attendance at the two workshops I conducted. Questions focused on 'how to start' rather than 'why to do it'. It is also telling that for their next annual philanthropy campaign, YIO has chosen to support a selection of social enterprises instead of traditional charities.

**Who is interested and why?**

For some, like one Polish wealth holder, sale of the family business had created a void. He wanted to know more about impact investing as he thought that self-sustaining businesses with a social mission could become a good fit for the family holding. Similarly, a Colombian woman who had sold the family business told me impact investing appealed to her as she wanted all aspects of her life, including investing, to reflect her values.

**It is highly likely that these wealthy 20- and 30-year-olds will become increasingly involved in impact investing. But it won't happen automatically. We need to create the right environment.**

Finally, a group of female YIOs, who were considering joining forces on impact investing as it felt a bit scary to start on their own, said that their motive was the possibility of making an impact while preserving wealth, for which they felt a fiduciary responsibility.

**Some are already involved**

Between 10 and 15 per cent of YIOs claimed to be involved in impact investing. A YIO member from Saudi Arabia, whose family plans to set up an impact investment fund, told me that a number of his fellow third-generation family members are already involved in this area, including investing in a pre-school in a very poor neighbourhood, which has enabled over 50 mothers to find part-time work. Confirming my earlier impression, he said that, though they have little interest in the family business, female family members are particularly keen on these social investment initiatives. He thinks that in future the family holding will include a greater number of such socially motivated businesses, especially as the family members who started them have gained respect and are now more involved in the family business.

**Why is it attractive?**

Viola Werner, YIO founder and general manager, summed up the general view of the network: 'As the next generation we obviously feel responsible for the future and we understand that how we invest today will have an impact tomorrow. Making change happen is what we all want – but first we need to figure out what kind of change it should be and how we can make it happen. Impact investing was always of interest to YIOs, but it was never really understood until today.'

**Will they all be impact investors?**

As I flew home, I thought about the much-quoted US\$40 trillion of wealth, which it is estimated will be transferred to the next generation by 2050. If these wealthy 20- and 30-year-olds are already focused on making their positive mark in the way they manage the family businesses and their wealth and the issues they get personally engaged with, it is highly likely that they will become increasingly involved in impact investing. But it won't happen automatically. We need to create the right environment, which includes building the skills and capacity of next gens (especially women) to develop and implement good impact investing strategies. This will involve, among other things, effective and practical training and support (for next gens and their advisers), peer networks (like Nexus and YIO) and further development of the impact investing ecosystem. @

<sup>1</sup> [www.guidetoimpactinvesting.net](http://www.guidetoimpactinvesting.net)

# How to learn to give?

## A global question with local answers

Michael Alberg-Seberich and Gabriele Störmann

According to a recent survey carried out by the Lilly Family School of Philanthropy at Indiana University, 9 out of 10 children and young people aged 8–19 in the US are giving to charity. The *Women Give 2013* survey suggests that every child, regardless of age, gender, race and parents' income level, can learn to be philanthropic, an idea confirmed by *The Growing Up Giving* report, a submission to a UK parliamentary review on youth giving. But when is the right time? And what methods are most effective?



**Michael Alberg-Seberich** is managing partner at Active Philanthropy and **Gabriele Störmann** is project manager. Emails [alberg-seberich@activephilanthropy.org](mailto:alberg-seberich@activephilanthropy.org) and [stoermann@activephilanthropy.org](mailto:stoermann@activephilanthropy.org)

This issue of *Alliance* focuses on the engagement of the next generation of wealthy families around the world. In this article, we want to widen the lens and look at how children around the world can be raised as future philanthropists and engaged citizens. In 2012, Active Philanthropy, as part of a report commissioned by the German NGO Children for a Better World, identified numerous youth giving programmes around the world. We want to share our findings on how these educational programmes try to impart the spirit of philanthropy to future generations, and our conclusions about how philanthropy education works best.

First of all, there are lots of places and occasions where children and young people can learn to give, be it in the family, at school, in out-of-school programmes led by foundations, in youth clubs or other organizations, or in self-initiated and youth-led projects.

Second, learning to be philanthropic is not a question of age; it is rather a question of age-appropriate topics, tasks, opportunities and guidance. With the right mix, even the youngest children can develop philanthropic behaviour.

Third, philanthropy education seems to work best with programmes that include different aspects of giving and combine different approaches. Combining grantmaking with some kind of volunteering or engagement in youth-initiated projects has proved to be most effective.

Finally, adults like teachers, parents, foundation staff or youth workers have to relinquish control,

supporting and encouraging young people to make responsible decisions without interference from adults putting forward their thoughts and arguments.

### Philanthropy education in the family

Learning to give starts within the family. As parents are the first people children learn from, they are natural role models. Practitioners providing financial education for young people or next generation programmes for wealthy philanthropic families confirm that parents play a critical role in helping their children to develop self-esteem and awareness of other people's needs. As Sam Davis and Alison Sole point out in a guide published by the National Center for Family Philanthropy, what parents do, and how they act, has to be congruent with what they say.

The most recent *Women Give* survey, on the other hand, has shown, that 'talking to children about charity has a greater impact on children's giving than role modelling alone'. Children who have conversations about giving with their parents are more likely to become charitably involved. According to the survey, the effect of talking is significant even after controlling for other factors that affect giving, including whether the household donates to charity. To encourage their children to become philanthropic individuals, parents should explain why they give or don't give and to which charity by emphasizing the direct benefits the people being helped will experience.

Besides acting as role models, parents should allow their children to experience giving and charity in practice. By taking children on visits to charities and discussing their impressions within the family, children learn about pressing challenges and ways to tackle them. In this context, parents can even allow their children a small budget to give to charitable causes the children choose themselves. A good start for this is the introduction of three savings boxes: one to spend, one to save, one to give money. In order to keep children interested and engaged, it is important to choose topics and organizations that are relevant and interesting to them. A good example of this kind of work is the *Little Givers* programme, initiated by a group of Brooklyn mothers to teach their kindergarten kids about the meaning of giving.

More and more wealthy families who have a strong philanthropic tradition practised through a family foundation or fund are establishing special junior boards to encourage the next generation to get involved. The tasks and responsibilities of those junior boards may vary from family to family, but normally

they have joint activities like site visits and a certain budget to donate to charities individually or as a group. This shows that, in every family, in the end it's about creating experiences and reflecting on giving.

### Philanthropy education at school

School-run programmes are ideal to teach giving and civic engagement as they automatically include all pupils of the school or of a given year. Many schools now offer project days or weeks where pupils develop and run their own projects in order to help others through some kind of voluntary work or fundraising. Examples are school classes helping to clean the community park or spending afternoon hours with residents in retirement homes, or school lotteries and bake sales for charitable causes. In many countries, there are also dedicated programmes teaching civic engagement and citizenship that include learning about giving.

### Service learning

A particular method of teaching civic engagement is 'service learning', a teaching method that combines social engagement with teaching. Teaching on charity-related issues and student volunteering are part of the school curriculum. The pupils' engagement is planned and discussed in class, and linked to their curricula and teaching plans.

### Learning to Give

One such service learning programme is Learning to Give. Learning to Give develops lessons and educational resources that allow teachers, parents, youth workers, faith groups and community leaders to effectively teach giving, volunteering and civic engagement through service learning. The curriculum was developed by the Council of Michigan Foundations. After being piloted in Michigan, Learning to Give was transferred to the global youth service movement generationOn to be rolled out and integrated into the core curricula of schools worldwide. Parts of the programme have already been implemented in South Korea, for example.

### Running programmes with foundations

Most of the programmes teaching giving at schools have been developed by, and are run in some kind of cooperation with, foundations. Many programmes combine volunteering or active civic engagement with

grantmaking, with the money to be donated coming from the foundation. Some programmes also include a fundraising component or a competition where classes of one or several schools pitch their projects to the other pupils.

### Penny Harvest

Penny Harvest is one example of an effective programme that is run at schools and supported by foundations. It is probably the largest and broadest-based philanthropy programme for children aged 4–14 in the US. The one-year programme of the organization CommonCents is divided into four phases and involves volunteering, collecting money for charity, pupils developing their own projects and making grants. In the first phase (October to December), pupils collect money in their local area together with their classmates. Subsequently (January to April), they work in small groups to analyse social problems in their area, identify charitable organizations tackling those problems, and make donations to the organizations that they think are most effective. In the third phase (April to June), pupils are encouraged to develop their own projects in cooperation with experienced groups, or to volunteer with established programmes. The fourth and final phase encompasses reflection and additional planning. In the US, Penny Harvest is supported by several community and family foundations.

Penny Harvest has also been the inspiration for youth giving programmes in Europe and some pilots on other continents. In South Africa, schools compete in the YIPPSA (Youth in Philanthropy South Africa) programme run by Inyathelo. Pupils and young adults aged 14–35 collect donations for a charitable organization of their choice. Selected members of the YIPPSA Social Committee then represent their school in a competition. To promote a culture of giving and responsibility among young people, Inyathelo has published the *Youth Philanthropy Action Guide*, which provides ideas, advice and tips, as well as information on the donor world, fundraising, etc, for teachers and learners.

In France, the Edmond de Rothschild Foundations have adapted the American model to local needs by dividing it into six phases, adding a theoretical section on philanthropy in class and a culminating donation day, where all participating schools meet and present their projects to one another. After piloting the programme, the foundation is currently working to transfer the programme to its own charitable organization, with the name *L'Ecole de la Philanthropie*.

**More and more wealthy families who have a strong philanthropic tradition practised through a family foundation or fund are establishing special junior boards to encourage the next generation to get involved.**



#### GIVING NATION, UK

- ▶ The students at Sandbach High School, Cheshire, took part in Giving Nation in 2012/13 and developed an ongoing awareness campaign around the issue of human trafficking, raising funds for Hope For Justice.

*'Someone needs to make a change. Our work has increased our own knowledge and interest in laws, rights and ways to change things; as well as having an impact on other people.'*

**Annabelle Durrad** (age 15), member of the SLOTHs (Shine a Light on Trafficking Humans) campaign group (pictured above)

- ▶ Students at Rushcliffe School in Nottinghamshire won a Giving Nation video competition in 2008.

*'Giving up our time for others helped us realize we can make a difference. It's created a caring atmosphere, we realize we can have an impact.'*

**Aaron Mullins** (age 12)



#### Go Givers and Giving Nation

In the UK, the Citizenship Foundation has developed two programmes to enhance giving. In Go Givers, primary school pupils decide how they want to be involved (giving time, knowledge, money) and choose an issue that they believe is important. They develop a campaign, which generally includes fundraising activities and volunteering, and the competition culminates in a meeting of all the schools involved and the presentation of awards to campaigns. Giving Nation is aimed at 11–16 year olds and encourages them to develop their own social projects, run campaigns or take part in existing projects. School classes receive £50 in seed money for their projects.

#### Youth and Philanthropy Initiative

In the Youth and Philanthropy Initiative (YPI), secondary schools adopt the programme and make it a part of their curriculum for a given year and all pupils of that year actively participate. Following an introductory workshop, the pupils work in small teams to identify funding needs, research and analyse charitable organizations tackling those needs, and make site visits to

selected organizations. Afterwards, pupils deliver a ten-minute pitch to a panel of local authorities, teachers and parents on 'their' organization. The panel awards the winning team a certain amount of money to be donated to the charity concerned. Developed by the Canadian Toskan Casale Foundation, the programme has also gained traction in Europe. In the UK, YPI is supported by the Pears Foundation under the direction of the Institute for Philanthropy; in Scotland the Wood Family Trust is its chief sponsor; and in Northern Ireland it is the Paul Hamlyn Foundation.

#### Out-of-school programmes

##### *Programmes encouraging young people to run their own projects*

Children and young people also have a variety of opportunities to learn about giving in programmes that are not based at schools. Numerous NGOs and foundations have launched programmes encouraging children and young people to develop and run their own projects and support them with advice, training and/or money.

Well-known programmes in Germany are Think Big, developed by the *Deutsche Kinder- und Jugendstiftung* (German Foundation for Children and Youth) and now supported by Telefonica Germany, and 'JUGEND HILFT!', a competition initiated and run by Children for a Better World.

In Switzerland, the Mercator Foundation and infoklick, a leading Swiss association to support children and youth, have added a special twist to their Mercator Youth Project Fund. In order to promote responsible and sustainable allocation of resources, young people who initiate projects pay the money back once they have successfully implemented the project. If they cannot do so, they provide a social service to the amount of the support received. The Canada-wide initiative Youth Scope, which was developed by the J W McConnell Family Foundation and implemented in partnership with local government and national partners, has a special focus on disadvantaged young people, encouraging them to get involved with projects in their area.

##### *Youth committees and councils*

A growing number of NGOs and foundations also offer opportunities for young people to participate in their governance and giving. The most common tool seems to be the establishment of a youth (advisory) committee, which either provides the organization with ideas, insights and views on its work from the perspective of young people or decides on certain grants

the organization intends to make. Most of the existing youth advisory committees today were inspired by the Youth as Grant Makers programme, developed and piloted by the W K Kellogg Foundation and the Council of Michigan Foundations in the 1980s and 1990s.

#### **Youth Advisory Councils or YACs**

The programme consists of Youth Advisory Committees, or YACs, which are responsible for local funds established within community foundations. YAC members develop yearly funding programmes, assess charitable organizations, and decide on grants to be made to them. Often they have to present their decision to the foundation's board in order to get the final approval.

Based on this programme, community foundations in Canada have developed Youth in Philanthropy Canada, which is now probably the densest network of youth councils among any group of foundations in the world. The programme comprises two elements: the councils

#### **YOUTH PHILANTHROPY COUNCIL, CANADA**

*'Being involved in the Youth Philanthropy Council gave me the opportunity to have a voice and give back to the community. At the time I was being bullied at school and didn't have many things I could draw on to be proud of. The experience gave me a sense of pride and self-worth, and had a significant impact in my life. The experience inspired me to stay involved with youth development, and find ways to create similar opportunities for other young people.'*



**David Sadler**, founding member of the Vancouver Foundation's Youth Philanthropy Council

#### **CHILDREN FOR A BETTER WORLD CHILDREN'S COUNCIL, GERMANY**

*'It's fun to discuss and to consult on the projects in our group. I admit that at the beginning I found it somehow stressful to present a project in our meeting, for I wanted to reach the best result possible for "my" project. But when the group approves the maximum grant possible, it feels good.'*



**Sören Astaikanen** (age 15), member of the Children for a Better World children's council in Hanau, Germany

*'Thanks to my work with the children's council I'm learning about other people's needs and desires. This has changed some of my attitudes fundamentally, for example regarding food. Sometimes the people in the projects really lack the basics.'*



**Sarah Tabatabei** (age 17), also a member of the children's council in Hanau, Germany

themselves allocate grants to projects developed and run by young people, and young people are trained to develop and organize their own projects, as well as to prepare funding applications.

Whereas most of these programmes address young people aged at least 12–13, the children's advisory committees of Children for a Better World in Germany involve children as young as 8. So far, CHILDREN has established children's councils in five German cities. Each meets twice a year to discuss pre-identified projects assisting children and young people from all over the world and to allocate a total of €5,000 to those projects. Two weeks before each meeting, the children receive material on the pre-selected projects. This helps them to prepare a presentation, which is made to the group during the meeting, as well as to make up their minds about the projects. Each council has an adult coordinator. He or she prepares the meetings, encourages, facilitates and guides the discussion during the meetings, and takes minutes. The coordinator's role is that of an enabler: the children are left to manage the meetings on their own and reach their own decisions.

#### **Youth-initiated and youth-led organizations**

Participating in a philanthropy education programme or initiating a project sometimes leads young people to establish and run a charitable organization on their own. This is true of YouthBanks. They are largely run as independent organizations led by young people aged 14–25 who decide which of a range of projects initiated by young people to fund and run. Local YouthBanks operate as autonomous entities, although adults provide advice, training and support where necessary. YouthBanks are often located alongside youth organizations or community foundations, which may also provide funding. Private family foundations are another source of funds.

YouthBanks first appeared in Northern Ireland in 1997. There are now more than 200 YouthBanks worldwide; they exist in the UK, France, Germany, South Africa, Australia and the USA, and in many East European countries. Since introducing the YouthBank model to Armenia in 2007, the Eurasia Partnership Foundation (EPF) has worked to support the idea across the Caucasus, Eastern Europe and Central Asia. With support from the Belgian Ministry of Foreign Affairs, EPF is currently expanding the initiative in five areas, in Armenia, Georgia, Abkhazia, Azerbaijan and Turkey. In South Africa, the Greater Rustenburg Community Foundation set up a YouthBank after participation

in a European Foundation Centre seminar where the model was presented. It is currently advising the Uthungulu Community Foundation in KwaZulu-Natal, South Africa, to develop a similar initiative. The C S Mott Foundation, together with a number of partners, has made a donation of \$200,000 over two years to the Community Foundation for Northern Ireland (CFNI) to assist with the global expansion of the YouthBank model.

Another European example of youth-led organizations is the Solidarity Action Day Movement (SAME). This is a network of organizations in Norway, Denmark, Belgium, Italy, Serbia and Germany that all raise funds for social justice causes through a day of work. The young people in these organizations decide on the causes and projects the funds are to be donated to.

**A fundamental success factor of programmes teaching children about philanthropy, whatever type of programme, is the experience of self-efficacy and particularly the practice of active giving.**

**Some common success factors**

A fundamental success factor of programmes teaching children about philanthropy, whatever type of programme, is the experience of self-efficacy and particularly the practice of active giving. This means giving children and young people the power to decide on the allocation of an (age-)appropriate grantmaking budget. Adult coordinators and advisers are important as enablers and supporters, but they have to let go of some control.

Alongside the experience of self-efficacy, the young people strongly appreciate the self-improvement and training effects that participation in a philanthropy education programme brings. Through their voluntary activity, children and young people want

to broaden their horizons, skills, competencies and experiences; in some cases they hope to improve their career prospects. The training element can be reinforced by accompanying seminars and workshops on themes like public speaking, presentation, discussion, etc. Conversations with members of CHILDREN’s children’s councils as well as youth voices from all over the world have shown that such opportunities are received enthusiastically.

Learning to give is crucial to the future of many NGOs, the solution to many societal challenges and empathic societies. Our short ‘world tour’ has not actually covered the whole world, but we know from our research and many conversations that this is an issue

**@lliance**  
For philanthropy and social investment worldwide  
[www.alliancemagazine.org](http://www.alliancemagazine.org)



**Did you know you can buy single issues of Alliance?**

**You can buy paper (£15) or PDF (£10) copies of Alliance magazine, with large discounts for bulk orders.**

If you’re missing an issue from your collection or would like extra copies on a particular theme for colleagues, board members or clients, then please email us at [alliance@alliancemagazine.org](mailto:alliance@alliancemagazine.org)

**YOUTHBANK, ROMANIA**

*‘Like any young person of my age, I want to change the world, make it better. It’s not enough for me to reach a certain level; it is a must to try and help others improve as well. This is the way a healthy community is built. As a young person, it’s hard to find time to help others when you also need help. But I absolutely love it when my expertise/time/money/anything that I own is needed. It makes me feel good about myself. It makes me feel valuable.’*



**Alin Vaida**, part of the first team at YouthBank Romania and founding member of YouthBank Cluj, Romania

people everywhere are concerned with. The solutions to teaching giving will be many and varied but our findings show that they should all include real-life experiences and actual giving.

Every generation poses the following questions about the next: will they take on responsibility? Will they care for our legacy? Will they be engaged? Most of the

time, they take on the responsibility, but it did not just happen out of the blue. It is our responsibility to teach the values that we consider important. Teaching every child the importance of giving should be a task we all pursue as parents, foundation managers, teachers and philanthropists. @

## RESOURCES AND PROGRAMMES ON YOUTH GIVING

### Resources mentioned in the article

Citizenship Foundation (2013) *Growing up Giving: Submission to the Parliamentary Review of young people's learning and habits relating to charitable giving* London  
[www.citizenshipfoundation.org.uk/lib\\_res\\_pdf/1644.pdf](http://www.citizenshipfoundation.org.uk/lib_res_pdf/1644.pdf)

Davis, S and Sole, A (2011) 'Philanthropy's Role in Developing Responsible Adults', *Passages*, vol 11.4, National Center for Family Philanthropy, Washington DC  
[www.ncfp.org/what-we-do/passages-collections](http://www.ncfp.org/what-we-do/passages-collections)

Women's Philanthropy Institute, Lilly Family School of Philanthropy, Indiana University, in Partnership with United Nations Foundation (2013) *Women Give 2013: New research on charitable giving by girls and boys*  
[www.unfoundation.org/assets/pdf/kids-give-report.pdf](http://www.unfoundation.org/assets/pdf/kids-give-report.pdf)

### Further resources

Blanchet-Cohen, N, Mack, E and Cook, M (2010) *Changing the Landscape: Involving youth in social change – a guidebook* International Institute for Child Rights and Development, Victoria  
[www.mcconnellfoundation.ca/assets/Media%20Library/Reports/YS\\_Guidebook\\_Web.pdf](http://www.mcconnellfoundation.ca/assets/Media%20Library/Reports/YS_Guidebook_Web.pdf)

Inyathelo (2009) *The Youth Philanthropy Action Guide* Cape Town  
 (no online edition)

Kellogg Foundation (2009) *Youth Philanthropy: A framework of best practice*  
[www.youthgrantmakers.org/wp-content/uploads/2009/08/YouthPhilanthropyAFrameworkofBestPractices.pdf](http://www.youthgrantmakers.org/wp-content/uploads/2009/08/YouthPhilanthropyAFrameworkofBestPractices.pdf)

Oates, B (2004) *Unleashing Youth Potential: Understanding and growing youth participation in philanthropy and volunteerism* Community Foundations of Canada, Ottawa  
[www.yipcanada.org/resource\\_docs/YouthPotentialPaper.pdf](http://www.yipcanada.org/resource_docs/YouthPotentialPaper.pdf)

Wood Family Trust, Credit Suisse, York Consulting and Institute for Philanthropy (2012) *Youth and Philanthropy Initiative: Summary of evaluation report*  
[www.instituteforphilanthropy.org/images/files/YPI\\_Evaluation\\_Summary\\_Booklet.pdf](http://www.instituteforphilanthropy.org/images/files/YPI_Evaluation_Summary_Booklet.pdf)

### Programmes mentioned in the article

CHILDREN children's council: [www.children.de/was-wir-tun/jugend-hilft/foerderprogramm/kinderbeirat/#c199](http://www.children.de/was-wir-tun/jugend-hilft/foerderprogramm/kinderbeirat/#c199) (in German only)

Ecole de la Philanthropie: [www.ecoledelaphilanthropie.org](http://www.ecoledelaphilanthropie.org)

Giving Nation: [www.g-nation.org.uk](http://www.g-nation.org.uk)

Go Givers: [www.gogivers.org](http://www.gogivers.org)

JUGEND HILFT! [www.children.de/was-wir-tun/jugend-hilft](http://www.children.de/was-wir-tun/jugend-hilft) (in German only)

Learning to Give: <http://learningtogive.org>

Mercator Youth Project Fund: [www.stiftung-mercator.ch/projekte/kinder-und-jugendliche/mercator-youth-project-fund](http://www.stiftung-mercator.ch/projekte/kinder-und-jugendliche/mercator-youth-project-fund)

[www.infoklick.ch/mercator-youth-project-fund](http://www.infoklick.ch/mercator-youth-project-fund) (both in German only)

Penny Harvest: [www.commoncents.org/go/penny-harvest/about-the-penny-harvest](http://www.commoncents.org/go/penny-harvest/about-the-penny-harvest)

Solidary Action Day Movement (SAME): [www.same-network.org](http://www.same-network.org)

Think Big: [www.think-big.org](http://www.think-big.org) (in German only)

Youth and Philanthropy Initiative: [www.goypi.org](http://www.goypi.org)

Youth and Philanthropy Initiative UK: [www.instituteforphilanthropy.org/programmes/youth\\_and\\_philanthropy\\_initiative](http://www.instituteforphilanthropy.org/programmes/youth_and_philanthropy_initiative)

Youth as Grantmakers: [www.youthgrantmakers.org](http://www.youthgrantmakers.org)

Youth Banks: [www.youthbank.org](http://www.youthbank.org)

Youth in Philanthropy Canada: [www.yipcanada.org](http://www.yipcanada.org)

Youth Scape: [www.youthscape.ca](http://www.youthscape.ca)

## Highlights from ... *SOCAP 2013* San Francisco, USA, 3–6 September

**Vineet Rai, Aavishkaar and Intellectap, 12 September**

‘My biggest observation about SOCAP is that it is potentially a good reflection of San Francisco and California culture to an outsider. It is irreverent, it is open and it is unabashed about its views. The desire to change the world is palpable at SOCAP as it is with SOCAP founder Kevin Jones. A lot of people who come to SOCAP want to see what role they can play in changing the world. SOCAP is the right destination for these

people ... An equally important point that I noticed at SOCAP is that it attracts a lot of young people. These people are the future participants in the space and they learn a new language of giving and participation in changing the world.’

**Shweta Maheshwari, ONergy, 24 September**

‘We at ONergy, a social enterprise based in India providing clean energy solutions to underserved households, were also pitching our ideas to impact investors as part of our campaign to raise \$1.2 million. SOCAP also provided a perfect opportunity to make a number of connections with other social enterprises and support organizations.’

**Mark Campanale, Halloran Philanthropies, 4 October**

‘Attending for my sixth year, SOCAP has evolved from its first steps of a few hundred social investment doers and diehards and is now confidently striding forward making its distinctive mark in the impact investing field.

‘Top of my list in the week is the “pre-event” collaboration between The Hub, Halloran Philanthropies and the Transformative Action Institute which convenes 100 social entrepreneurs with 50 leaders from global “impact accelerators” in an intense programme of training, discussion and mentoring.’

## Highlights from ... *Council on Foundations’ Fall Conference for Community Foundations* San Diego, USA, 22–25 September

**Nick Deychakiwsky, Mott Foundation, 7 October**

‘Each table in the plenary room had fun playing cards. We all dealt out a card deck of 40 “orthodoxies” (eg “donor-advised funds are growing and will continue to grow”; “we give in a specific geographic area”; “our role is to ‘lead’”; or “we make grants”) and selected

one to see whether it needs to be “flipped” – and if so, why and how. This exercise really opened up the space for critical thinking – important as the US community foundation field, marking its 100th anniversary next year, is reflecting on what it will take for it to be relevant, successful and sustainable in its second century.’

**Ted Hart, CAF America, 11 October**

‘As the CEO of CAF America, community foundations throughout the nation have shared with me their difficulty in finding a credible outlet to best serve their donors’ global interests. For years, it has been thought that only larger community foundations had the ability to serve their donors on a broader scale. Now, community foundations of all sizes have found it easy to partner with intermediary organizations such as CAF America to enhance their capacity and scope.’

**Aaron Dorfman, National Committee for Responsive Philanthropy, 18 October**

‘We all know our sector too often falls short of our own highest aspirations. So it is even more important to celebrate excellence when we see it. Many community foundations work with underserved communities, partnering with non-profits, and using high-impact strategies to marshal their limited resources to address root causes of societal problems. Honorees for the “Community Foundations Hall of Fame” were selected by NCRP staff, following an open call for public nominations, and presented at the Fall Conference for Community Foundations. The aim was to show ten examples of admirable and replicable initiatives by community foundations that are courageously leading and truly benefiting those who have the least wealth, opportunity and power.’

Playing cards at the ‘What’s next for community philanthropy?’ breakfast plenary at COF’s Fall Conference for Community Foundations



NANCY PIERCE



CAROLINE HARTNELL REPORTING FROM

## Association of Charitable Foundations 2013 conference

**'Fulfilling our promise? The value of foundations in a changing world' was the title of this year's conference of the UK's Association of Charitable Foundations (ACF) in London on 8 October. What does it tell us about foundations that they spend so much time discussing their role? One factor is clearly the recognition that philanthropic capital is small compared with the resources of government or the private sector, and it therefore needs to be used to the best possible effect.**

For a fuller report of the opening and closing plenaries, see Charles Keidan's three *Latest from Alliance* blog posts on the ACF conference, starting 14 October.

See p10 on a new report on social investment launched at the ACF conference.

As ACF chief executive David Emerson (pictured) pointed out in his opening remarks, foundations are one of the few sources of flexible grant funding, of what is often referred to as 'risk capital'. Foundations can't tackle the big issues alone, but they are well positioned to demonstrate ways to address social injustice and

poverty, supporting those closer to the ground who have 'great ideas'. Another reason for all the discussion is probably defensive: a cash-strapped government undoubtedly has its eyes on foundation money, especially for social investment, so it's important to make clear that foundations are not just a handy pot of money for dipping into. Emerson also talked about ACF itself and the need to defend the space for civil society – a bill that aims to limit UK charities' ability to campaign and lobby is going through parliament as I write.

The opening plenary looked at 'the role of foundations in delivering public benefit'. Cliff Prior of UnLtd outlined the changing and blurring roles of the different sectors in today's world, while LlinkellyChase Foundation's Julian Corner emphasized the need for foundations to support innovation, which often comes from small, fragile charities. Without charities

challenging and questioning, systems would stagnate, he said. Finally, Theo Sowa of African Women's Development Fund urged foundations both to celebrate their good practices and to be aware of what they do badly. Foundations can fuel change and they can squash it, she said.

How do you support the mass of small, more grounded organizations that have always come up with the ideas? How do you facilitate great ideas while not dominating them? Luc Tayart de Borms' account of how Belgium's King Baudouin Foundation involves 1,700 people each year in formulating and implementing its programmes made a fitting close to the conference.

## Highlights from . . . Global Impact Investing Network Forum London, UK, 10– 11 October

**Heidi Hafes, Shell Foundation,  
21 October**

'The view of many people I spoke to at the GIIN forum was that, while things are clearly progressing, the real obstacle to unlocking this potential is a lack of investable opportunities. So can grantmakers play a role in catalysing the impact investment sector? Our experience, and that of a small but growing number of foundations

and venture philanthropists, is yes. We could start by making better use of one of our biggest assets: access to risk-tolerant, patient, flexible capital.'

**Ivo Knoepfel, onValues, 22 October**

'I found the title of the first session ("The Impact Investing Ecosystem") emblematic for GIIN's effort to take an "ecosystem" view and support its organic growth. The programme and its many breakout sessions covered a mix of industry trends, investment themes and technical matters . . . I was impressed by the effort that organizers had made to include sessions for "beginners" as well as for seasoned practitioners in the field, and to provide the

views of different types of asset owner, including family offices, foundations and pension funds.'

**Daniel Sattar, Esmée Fairbairn  
Foundation, 4 November**

'The potential of releasing flows from global pools of investment to meet the deep social needs we experience globally is attractive. Does it translate to reality? Can investors get financial returns from impact investing? Sometimes, possibly. Do they? Occasionally. Is there much evidence? Outside of the US, with decades of programme related investment experience, and international microfinance, only emerging evidence. Generally, there are still track records to be built.'

**Why Philanthropy Matters**

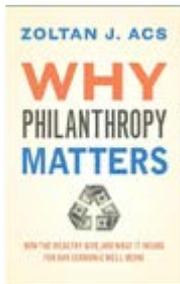
**Zoltan J Acs**

Princeton University Press

\$29.95/£19.95

ISBN 9780691148625

Timothy Ogden



in the United States. How is it that the culture of generosity emerged here, dwarfing that of even the UK, from which it at least in part sprang? Even more puzzling, how does this culture of generosity coexist with the crass commercialism, worship of wealth and outright hostility to government benefits that are also so common in America?

The general discussion of this mystery casts these forces in opposition. Zoltan Acs, a professor at George Mason University best known as a scholar of entrepreneurship, takes a different view in his recent book *Why Philanthropy Matters*. While the title is expansive, this is a book concerned with the United States and specifically the role of philanthropy in creating the unique economic system in this country (there is a brief chapter on global philanthropy, but it contains nothing new to a reader of *Alliance*). As Acs describes it, the US has a unique affinity for entrepreneurial capitalism with its emphasis on and acceptance of creative destruction. This economic system creates vast new wealth regularly. Compared to other countries, while the US may be more unequal from top to bottom, the ranks of the top have been far more unsteady and volatile here than anywhere else. No other countries, Acs argues, allow the titans of industry (both companies and individuals) to tumble so quickly and remorselessly.

Timothy Ogden is managing director of the Financial Access Initiative at New York University and a contributing editor to *Alliance*. Email [timothy.ogden@sonapartners.com](mailto:timothy.ogden@sonapartners.com)

The American wealth and philanthropy culture is a mystery to many, even

The core argument of the book is that philanthropy is a vital ingredient in making the American system work at all. An economic system that produces such vastly different outcomes could not survive, much less thrive, without a system that recycles wealth into opportunity for others – that is what American philanthropy is all about, Acs claims. When Paul Ylvisacker famously said that ‘philanthropy is America’s passing gear’, this is certainly not what he meant.

While Acs’ attempts to position philanthropy as the admirable core of the American system are interesting and at least somewhat novel, they remain ultimately unconvincing. While there are plenty of stories of the wealthy donating vast sums to spread opportunity around, there is very little discussion of the role that other institutions have played in doing the same. For instance, Acs cites Stanford University as an example of philanthropy spreading opportunity far and wide. What he doesn’t discuss in similar detail is the role that US government research dollars played in turning Stanford into the intellectual behemoth that it is today. Nor does he note the vast class inequalities in admissions at top-tier universities like Stanford. The fact that most giving by wealthy households in the US does not reach far beyond their front doors is dismissed by defining such giving as charity rather than philanthropy.

The book ultimately reads as a helpful summary of ideas and examples for defenders of the American system and American philanthropy to use to buttress their case rather than a serious attempt to change the mind of

anyone who does not already believe in the inherent virtue of these systems. It feels somewhat like those adverts you see that are clearly designed to reassure existing customers that they have spent their money wisely rather than to attract new ones.

The book’s epilogue does strike a surprising note. Acs follows his contention that philanthropy is central to the working of the American system all the way to tax policy. He essentially argues that the estate tax – perhaps the steepest of all American taxes which is levied on large inheritances, and therefore much hated by wealthy Americans – not only should remain in place but could plausibly be increased to ensure that philanthropy retains its role spreading opportunity. Make no mistake, Acs is not in favour of any of these inheritances being actually taxed; but he does think that social expectations for ‘giving back’ could use a hefty stick beside the carrot of public acclaim.

The bottom line: this is a useful book for those unfamiliar with America’s philanthropic traditions: it builds an interesting theoretical case for the centrality of philanthropy in America’s successes well beyond the social sphere. But there is a gaping hole where constructive critique of the American philanthropy system should be. @

To order  
<http://press.princeton.edu/titles/9964.html>

**Development Aid Confronts Politics: The almost revolution**

**Thomas Carothers and Diane de Gramont**

*Brookings Institution Press*

**\$19.95 ISBN 9780870034008**

**Sue Unsworth**

the aid business over the last 50 years. The book's central message is captured in the title: although donors are finally taking more account of politics, technocratic approaches to development remain remarkably resilient.

Part of the story is familiar. Apolitical approaches to aid are rooted in early assumptions that economic growth could be stimulated by injections of capital and technical assistance, and that political development would follow economic development. For years, donors responded to poor aid outcomes with new policy fixes: state-led economic take-off in the 1960s; basic needs in the 1970s; 'getting the policies right' and shrinking the state in the 1980s; rediscovery of the need for effective public institutions in the 1990s. The end of the Cold War brought a new focus on politics and democratic governance, albeit initially through top-down, technocratic efforts to reform formal institutions.

Less familiar, but central to the book, is another recurring pattern – of persistent pushback against apolitical approaches to aid. Starting with critiques by Hirschman and others in the 1960s, a swelling chorus repeats the same message: development is a political process; donors need an excellent understanding of political context; they should build on locally rooted institutions and processes of change; they need longer-term engagement, flexible funding, and iterative approaches

Carothers and de Gramont offer a meticulous and fair-minded account of the evolution of

that encourage experiment and learning. Failure to take account of politics undermines efforts to advance socioeconomic goals and risks negative, unintended consequences. As the authors say in a departure from their normal deadpan delivery, it is hard not to slap one's head at the obviousness of such insights, and wonder how it can have taken 50 years to get the message.

The book argues that donors have listened – but only up to a point. Most agencies now pursue political goals alongside socioeconomic ones, and some support democratic change more directly. Many are using political economy analysis to better understand context, and working with a wider range of non-government groups. This represents a significant shift, but not a sea-change. Work on governance and politics is often still a niche activity; donors remain naive about the commitment and motivation of their developing country 'partners'; understanding of research findings is shallow or deliberately dumbed down; and there has been insufficient effort to adjust aid delivery systems to the needs of more politically savvy approaches. Technocracy has struck back in the form of a recent preoccupation with short-term, quantifiable results.

The authors do not indulge in facile donor bashing. They recognize the complexities of the aid business, the moral and practical dilemmas faced by donors, and the fact that research still provides incomplete answers to core questions about how development happens (there is a particularly good chapter on the unresolved debate about links

between democratic governance and development). But they show no sympathy for donors' instinctive retreat into technocratic comfort zones, or their failure to confront honestly a central dilemma: what to do when there is little elite commitment to change, or when more 'developmental' states show scant regard for basic rights.

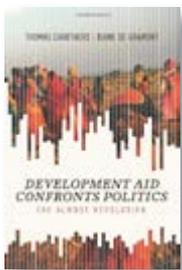
The arguments are nuanced and clear. A particularly useful distinction is drawn between pursuing political goals (whether for their intrinsic value or for their utility in supporting socioeconomic development) and working more politically. The book makes an unanswerable case for the latter and a strong argument for more consistent promotion of democratic values, while recognizing the mixed record of much democracy assistance. It perhaps underplays the inherent tension between pursuing normative goals and the need to engage with local processes of change, allowing local actors to take the lead.

More generally the book has little to say about the role of elites in promoting or obstructing change, and is quite narrowly focused on the core aid business. Given the reduced leverage of western aid and the growing influence of global markets, a good case could be made for donors to extend politically savvy approaches and use aid strategically in a bid to influence the business, security and financial relationships that shape incentives for development in poor countries.

Perhaps that could be the next book. Meanwhile, this one is essential reading, both for newcomers to the aid business and for old hands. @

**To order**

[www.brookings.edu/research/books/2013/development-aid-confronts-politics](http://www.brookings.edu/research/books/2013/development-aid-confronts-politics)



**Sue Unsworth** is a former Chief Governance Adviser with DFID, and a principal with The Policy Practice. Email [sueunsworth2004@yahoo.com](mailto:sueunsworth2004@yahoo.com)